NHS
Poole Hospital
NHS Foundation Trust

Annual Report and Accounts 2019/2020

Poole Hospital NHS Foundation Trust

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

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SECTION A: PERFORMANCE REPORT

This overview aims to give a short summary of the organisation and its activities, key risks around the delivery of its objectives and how it has performed during the year. A more detailed summary of performance will follow in the Performance Analysis further on in this report.

1.1 Welcome to our Annual Report

Welcome to our annual report for 2019/20. This year, Poole Hospital NHS Foundation Trust (PHT) and The Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust (RBCH) have worked even more closely together, in anticipation of the formal merger of our two organisations. This merger has been a very long time coming, but we know it will bring huge benefits for patients and staff alike. Our new organisation will be better placed to recruit and retain staff, and make best use of resources - and most importantly, by bringing services together, we can improve the quality of care provided for our patients.

Much has been achieved this year as we have moved forwards with our plans for merger, culminating in December 2019 with approval from our two Boards of Directors to establish a new Shadow Interim Board. The Shadow Interim Board is responsible for overseeing the creation of the new merged organisation and taking forwards our future strategy. As such, this represented a significant milestone on our merger journey. Decisions taken by the Shadow Interim Board still require ratification by the two existing Boards, who will retain their current statutory duties and responsibilities right up until the establishment of the new organisation.

During this year, we said goodbye to Mark Orchard, Director of Finance for Poole Hospital and took the opportunity to appoint our new Interim Joint Director of Finance, Pete Papworth, previously Director of Finance at RBCH, was appointed to this role from 1 October 2019. Throughout the year, with the support of our regulators and permission from the Competition and Markets Authority (CMA), we have made a number of joint appointments - most importantly, our four clinical transformation leads who have worked on bringing our teams together and to develop joined up workforce plans across our two organisations. Initially, the four priority services were emergency medicine, trauma & orthopaedics, theatres & anaesthesia and older people's medicine. The list was then expanded to include stroke, maternity and cardiac services, along with our business support services, such as HR, finance and governance. This work is still on-going as a key focus within our wider merger programme

Throughout the year, we continued taking forwards our plans to achieve University Hospital status. A few months ago, we were able to announce that this had been successful, and that the name of our new merged organisation will be University Hospitals Dorset NHS Foundation Trust. This reflects the extremely close working relationship that the two hospitals and the university have enjoyed over many years. Becoming established from the outset as a University Hospital reflects the on-going commitment of the new organisation to learning, innovation and research.

We had originally hoped to complete the merger by July 2020, but it was agreed that this would not be possible in light of the outbreak of the Covid-19 pandemic. With the situation improving, we are delighted that our sector regulator NHS Improvement (NHSI) has now formally agreed that we might progress our plans to merge on 1 October 2020. This follows on from the approval by the Competition and Markets Authority (CMA) earlier this year. Clearly, this is excellent news as we know that we can serve local people better as the larger, more resilient University Hospitals Dorset NHS Foundation Trust.

Meanwhile, the core business of both Trusts of course continues to be the delivery of safe, high quality care for our patients. Looking back on 2019/20, the pressure across our hospitals never really let off. We went from one busy winter, to a much busier June and July

– with more patients attending our Emergency Departments than anticipated for the time of year. The Dorset health and social care system was also extremely busy over the festive season in 2019, and this continued into the new year.

Both the Royal Bournemouth Hospital and Poole Hospital experienced significant pressures throughout the winter period. For example, in December 2019, both Emergency Departments saw almost 10% more patients compared to December 2018. Similar pressures were experienced in respect of our planned work, with both Trusts receiving more referrals and struggling to maintain short waiting times in the face of increasing demand. As a consequence, maintaining performance standards was extremely challenging.

The situation was not helped by some of the NHS pension changes, which resulted in fewer clinicians being able to work the extra sessions needed to reduce waiting times. This national issue has largely been resolved from April 2020, but the backlog built up in 2019/20 was very significant and will obviously now be further impacted by Covid-19. This will be one of the priorities for us to address as we try to get back to "business as usual", working closely with Dorset County Hospital in the west to ensure that acute services are provided in a consistent and equitable way.

More positively, excellent progress has been made throughout the year on reducing the number of "stranded patients" - that is, those with a length of stay greater than seven days. This is very good news for individuals in that it reduces the risk of harm and a loss of independence; it is also good news for the hospital, in that it frees up resources and allows us to treat sicker patients. The situation then improved further in an unprecedented way when Covid-19 required all partners to work together to discharge those patients who no longer needed acute care in hospitals from early March.

Our work on stranded patients was made possible thanks to our close working relationship with our partners in the Dorset Integrated Care System (ICS). Much work has been undertaken as part of the Integrated Community and Primary Care Services Programme to reduce admissions and speed up discharge. This includes working very closely with colleagues in Dorset HealthCare, who provide ongoing community-based care for patients who are medically ready to leave our acute hospitals, along with support from the Dorset Commissioning Group (CCG). We have particularly valued connecting with our two newly formed local councils this year, BCP Council and Dorset Council. We are very fortunate to have such a strong ICS in Dorset, with positive relationships amongst partners and a shared commitment to serving local people well.

Another important priority for 2019/20 has been taking forwards our exciting capital development programme. We originally submitted the Outline Business Care relating to our capital plans at the end of March 2019 and since then, we have been working to develop our Full Business Case. Our plans for the building work at Poole Hospital and The Royal Bournemouth Hospital were submitted to the BCP Council during the course of the year for approval, and we are hopeful that these will be approved in the very near future. These plans of course represent a once-in-a-lifetime opportunity to secure £147m Treasury investment for the NHS in Dorset, to develop our two hospital sites.

The developments at The Royal Bournemouth Hospital will enable the establishment of a new Maternity Unit, a new Children's Unit, an expanded Emergency Department and expanded Critical Care facilities – all of which will be vitally important in meeting the future health needs of the local population. The need for a new Maternity Unit is very well understood in the area, with various plans for a new facility having been submitted on several occasions in the past. However, now that funding has been set aside at a national level to support this development, a new purpose-built Maternity Unit - with adjacent purpose-built Children's facilities - can become a reality for local people.

There is also an urgent need to expand and update the operating theatres at Poole Hospital, which will enable patients to have far better care, in modern, purpose-built facilities. Our current day case theatres are lacking space, privacy and dignity for patients, essentially reflecting the fact they were designed and built in the 1960s. If planning permission is granted, it will enable us to open new, state of the art theatres, which will allow us to expand capacity, and enable patients from across the area to gain swifter access to essential

surgery. The development of the Poole site also includes creating a new 24/7 Urgent Treatment Centre, expected to treat between 50,000 and 60,000 patients each year.

In June last year, we had the opportunity to share our building plans with our local stakeholders, including MPs, local councillors, staff and the public at two open events, held at each of our hospitals. These were both very well attended and were part of a wider schedule of public engagement in all our development plans. We also held an open event for stakeholders at the Christchurch Hospital in January 2020, when we were able to share our exciting plans for the redevelopment of that site. Working with Macmillan Caring Locally, the joint proposals are for a new 20 bed Macmillan hospice, 160 affordable extra care homes for over 55s and additional NHS services, including outpatient physiotherapy.

The plans for developing all three of our hospitals are aimed at changing the way we deliver care in order to deliver improved outcomes for our patients, so it is important that we share these widely to explain these benefits widely.

Overall, 2019 was a very important year for all our hospitals. In July, we were able to share our plans with the Rt Honourable Matt Hancock, Secretary of State for Health and Social Care, when he visited to find out more about our transformation plans. We were joined by senior leaders from across the Dorset system and had the opportunity to not only update him on our plans, but also to highlight some of the challenges that we face together in meeting the needs of the local population.

Later in the year, Poole Hospital celebrated its 50th anniversary, and the opening of the hospital by Her Majesty, The Queen in 1969. We planted a tree outside the Dolphin Restaurant, with a plaque to mark the occasion and special anniversary cakes were distributed to all wards and departments. We also opened our new main entrance to the hospital and were joined by local guests of honour, Harry and Sandra Redknapp. This was a truly happy occasion!

In the autumn, our two trusts held public Open Days - one for Poole Hospital in September and one for RBCH in October. Both events were hugely successful, giving our staff an opportunity to showcase their work, and the public the opportunity to “go behind the scenes” at an NHS hospital. We are hugely grateful to our staff and our wonderful volunteers, who worked so hard at these events to make them so informative and enjoyable.

Of course, our hospitals are really all about our people, and it is the high calibre and commitment of all our staff that makes our two Trusts such great places to receive care and to work. In everything we do, we engage closely with our staff, ensuring that their views are taken into account in all our decision-making. Between July and September, Poole Hospital completed a Listening Exercise with its staff, known as “The Story of Now”. Eighteen “People Champions” gathered views from nearly 400 staff, across a wide range of roles and services, then presented this to the Board via the Workforce and Organisation Development Committee in October. This was a very important piece of work, which supplemented the feedback received from our annual and quarterly Staff Surveys.

The Change Champions within The Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust (RBCH) completed a similar exercise earlier in the year and the output of this work was also fed back to the Board. Both sets of feedback were shared with senior leaders from across the two organisation at the Joint Leadership Forum in December, as part of a very interactive development session. This work has been extremely important in developing a shared understanding as to what is important to staff across all our sites, and has been incorporated into the development plan for our new, merged organisation.

We also established/developed several staff support networks during the course of the year, with one of the most important in 2019 being our EU staff support network, given the on-going Brexit negotiations that hung heavily over the whole year and were so very unsettling for many of our staff. Around 10% of our workforce comes from the EU, representing a large number of our people. Our EU staff are very highly valued within both Trusts, as indeed are all our overseas staff. Many support events were arranged for them in the year and our teams provided practical assistance with applications to the EU Settlement Scheme, including subsidising any fees involved.

Overall, both Trusts performed well in the annual staff survey, with the results for The Royal Bournemouth and Christchurch Hospitals being one of the strongest set of results in the country. The two Trusts have of course worked closely together to develop a joint action plan, which again forms part of the organisation development plan for the new organisation, and is being taken forwards in a collaborative way, ahead of formal merger.

Of course, we then ended the year facing the onset of Covid-19, and this of course has had a huge impact on all our services. We had to reconfigure services on all three of our sites, and radically change the way in which we delivered our services. This included segregating our Emergency Departments and Intensive Care facilities, and creating a significant number of additional ICU beds, in some of our operating theatres and other ward areas. This was a huge team effort, involving significant change and an enormous amount of work for our clinical and non-clinical staff alike, across all our sites. We cannot thank our staff enough for all that they have done over the past few months, in order to step up to this challenge and maintain safe services for our patients. Every single member of staff deserves to be applauded for their efforts.

So, for a whole range of reasons, 2019/20 has been an extremely challenging year! Throughout this time, we have been fortunate to have the support of our staff, governors, volunteers, fundraisers and members. Their hard work and dedication makes our hospitals the places that they are today and we sincerely thank them for everything that they do. With their on-going support, we shall bring our two trusts together in a way that not only fulfils our ambitious development plans, but also ensures that the new University Hospitals NHS Foundation Trust is even more highly regarded within our local community.

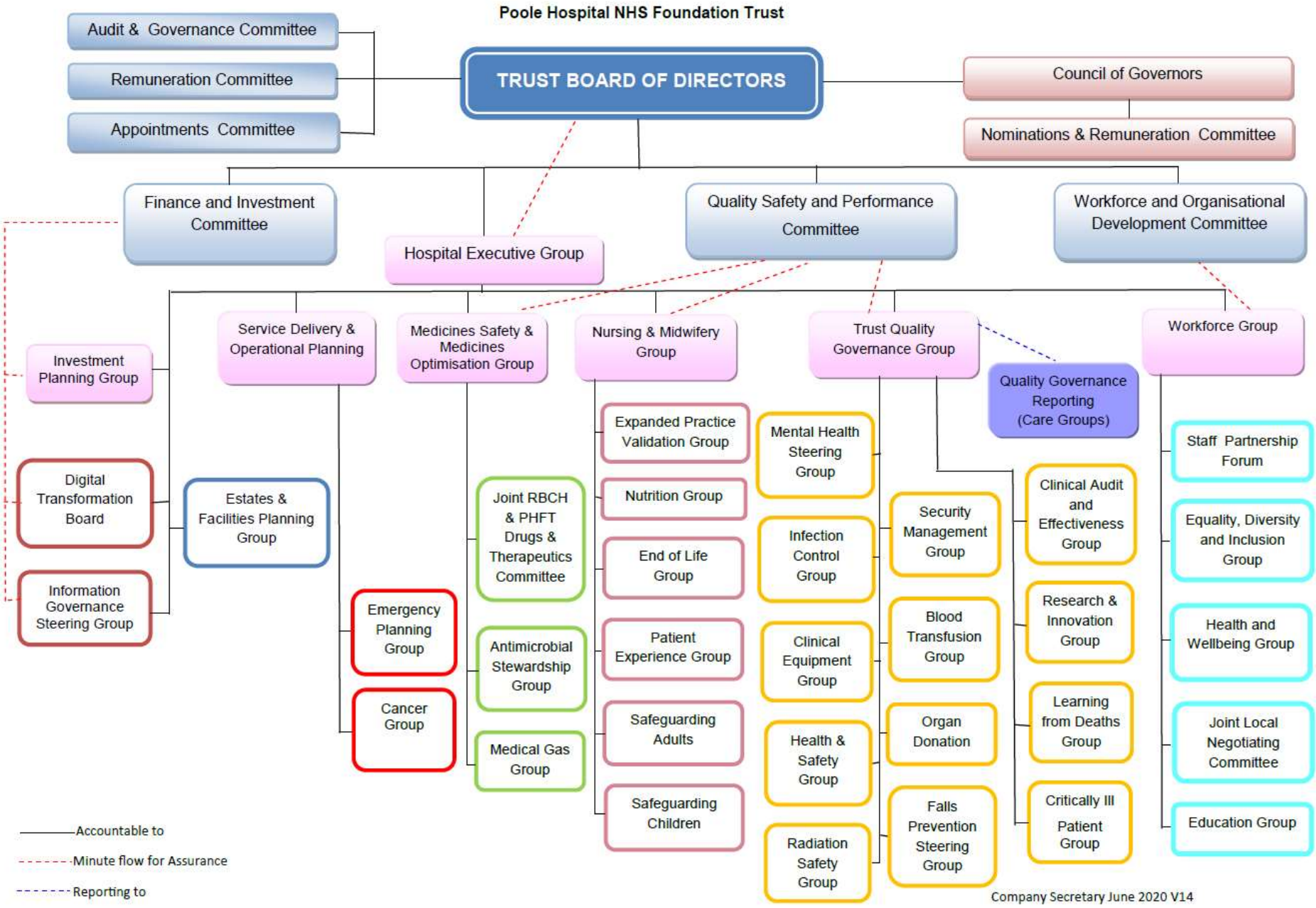
There is a lot to be done now in 2020/21 as our Trusts move on to complete the formal merger transaction process, against the backdrop of the Covid-19 pandemic. In the midst of all the distress that the pandemic has clearly caused, we are very proud of our staff and leaders, and all that they have achieved. We are determined to come through this together, stronger as a consequence of all we have collectively learned.

We have a very exciting future ahead of us as the new University Hospitals Dorset NHS Foundation Trust, and we want it to be an even better place to work and to receive care than either of our existing Foundation Trusts. We know that we can serve local people better as a larger, more resilient organisation, and we are committed to delivering real benefits as a consequence of this change.

In closing, we should like to thank all those who have been involved in the work to take forwards the merger, and to thank everyone who has been supporting the Trusts for your on-going commitment throughout 2019/20. We look forward to continuing making great progress together as we commence a new era in 2020/21.

David Moss, Joint Chairman

Debbie Fleming, Joint Chief Executive


Poole Hospital NHS Foundation Trust
Audit & Governance Committee
Remuneration Committee
Appointments Committee
TRUST BOARD OF DIRECTORS
Council of Governors
Nominations & Remuneration Committee
Finance and Investment Committee
Hospital Executive Group
Quality Safety and Performance Committee
Workforce and Organisational Development Committee
Investment Planning Group
Digital Transformation Board
Information Governance Steering Group
Estates & Facilities Planning Group
Service Delivery & Operational Planning
Emergency Planning Group
Cancer Group
Medicines Safety & Medicines Optimisation Group
Joint RBCH & PHFT Drugs & Therapeutics Committee
Antimicrobial Stewardship Group
Medical Gas Group
Nursing & Midwifery Group
Expanded Practice Validation Group
Nutrition Group
End of Life Group
Patient Experience Group
Safeguarding Adults
Safeguarding Children
Trust Quality Governance Group
Mental Health Steering Group
Infection Control Group
Clinical Equipment Group
Health & Safety Group
Radiation Safety Group
Security Management Group
Blood Transfusion Group
Organ Donation
Falls Prevention Steering Group
Quality Governance Reporting (Care Groups)
Clinical Audit and Effectiveness Group
Research & Innovation Group
Learning from Deaths Group
Critically Ill Patient Group
Workforce Group
Staff Partnership Forum
Equality, Diversity and Inclusion Group
Health and Wellbeing Group
Joint Local Negotiating Committee
Education Group
Accountable to
Minute flow for Assurance
Reporting to
Company Secretary June 2020 V14

1.3 Purpose and activities of the Foundation Trust

Poole Hospital NHS Foundation Trust is an acute general hospital based on the South coast of England. The hospital has a 24-hour major accident and emergency department and is the designated trauma unit for East Dorset, serving a population of over 500,000 people.

The Trust provides general hospital services to the population of Poole, Purbeck and East Dorset – around 280,000 people – as well as a range of additional services such as maternity and neonatal care, paediatrics, oral surgery, ENT and neurology to a wider population including Bournemouth and Christchurch.

In addition, the hospital's flagship Dorset Cancer Centre provides medical and clinical oncology services for the whole of Dorset, serving a total population of over 750,000.

At the end of 2019/20, we employed an average 4014 employees (3730 WTE), including bank and agency staff – see page 72. The hospital was also supported by over 250 volunteers, who provide invaluable support to both patients and staff.

Our annual turnover for the financial year was £293 million.

1.4 Brief history of the Foundation Trust

About Foundation Trusts

Poole Hospital became an NHS Foundation Trust on 1 November 2007 under the National Health Service Act 2006. NHS Foundation Trusts are not-for-profit, public benefit corporations. They provide and develop healthcare according to core NHS principles – free care, based on need and not ability to pay.

Foundation Trusts are regulated by NHS Improvement, whose main duty is to protect and promote the interests of patients. Foundation Trusts have greater freedom to develop services in the way that suits local communities and staff. They can decide how to spend their money, borrow capital and generate income, re-invest any surplus cash on developing new services and also own their assets.

As a Foundation Trust, Poole Hospital is run by a Board of Directors, made up of non-executive and executive directors. The Board of Directors is held to account by the Council of Governors, who represent the local community through a membership base made up of local people from the Trust's catchment area and staff.

Anyone who is over the age of 12 and resides in the UK may apply to be a public member of Poole Hospital NHS Foundation Trust. Staff are automatically members unless they choose to opt out.

Full details on the Board of Directors and Council of Governors can be found in the Accountability Report from page 30.

Poole Hospital NHS Trust Foundation Trust is licensed by NHS Improvement, the healthcare regulator, as an acute hospital to provide health services to its local population. These services are commissioned by a number of different bodies – that is, local commissioners known as Clinical Commissioning Groups (CCGs), local authorities (for some public health services) and NHS England, which commissions all specialised services across the country.

The Trust is also registered with the Care Quality Commission (CQC), which has a specific interest in patient quality and safety issues. Both NHS Improvement and the CQC work closely together to ensure that the Trust is well regulated. The Trust's business is to provide excellent services to patients, in a way that is consistent with commissioner specifications and meets the standards of the CQC. Only in delivering all of the above can the Trust be assured that it will retain its licence to operate from NHS Improvement, formerly Monitor.

At the present time, the Trust provides a wide range of inpatient, day case and outpatient services for patients and these are predominately delivered from the main hospital site, with a small number of services delivered from the St Mary's site, situated nearby. However, over time and in line with changing commissioning intentions which reflect the changing demographics and health needs of the local population, Poole Hospital expects to change its business model, to deliver more services out of hospital, in a community setting or within patients' own homes.

The Trust Board and Governors are responsible for establishing and maintaining effective systems and process (that is, our governance arrangements) to ensure the effective delivery of all the Trust's objectives. In particular, these governance arrangements must demonstrate that the Trust can successfully manage any principal risks, which if left unmanaged could adversely affect the future wellbeing of the organisation. Central to the evidencing of this is the Trust's Annual Governance Statement (see page 78) which is produced every year and summarises any key issues and concerns.

Our Vision

Our vision is to provide excellent person-centred emergency and planned care to the people we serve, and the hospital has a unique philosophy which underpins that care.

The Poole Approach has been in place for more than 20 years and pledges that we will strive at all times to provide friendly, professional, person-centred care with dignity and respect for all. It is a unique set of values that guide staff every day. In 2015, we asked staff, patients and the public whether the underpinning values remained valid. Nearly 2,000 people took part and using this feedback, the Poole Approach was translated into five value themes:

- Compassionate
- Open
- Respectful
- Accountable
- Safe

Our Charitable Fund

The NHS Foundation Trust is the corporate trustee to Poole Hospital NHS Foundation Trust Charitable Fund. The Foundation Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the Foundation Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund.

The charity administers funds for the provision of patient care and staff welfare at Poole Hospital. Money is raised through a variety of activities, including fundraising events, individual donations, corporate support and legacies.

A total of £1,154k was donated in 2019/20 (including total legacies of £642k).Thanks to the support of the local community; Poole Hospital's Charitable Fund has made a difference to the experience of thousands of patients, in wards and departments across the hospital.

More information about fundraising activities and events is available on our website at www.poole.nhs.uk/fundraising

1.5 Highlights of the year 2019/20

The Trust is proud of its many achievements over the past year, especially in improving the quality of patient care. Highlights include:

April 2019: Hospital goes 'virtual' with new fracture clinic
Fracture patients are benefitting from fewer hospital visits and shorter waiting times with a new 'virtual' fracture clinic. The scheme, the first in Dorset, provides an alternative to conventional fracture clinics and aims to improve patient experience and reduce waiting times by ensuring only those who need an appointment are given one in a timely manner.

May 2019: Award-winning diabetes service – diabetes wins prestigious national award
The hospital's young people's diabetes service has been named as the 2019 British Medical Journal (BMJ) Diabetes Team of the Year. The BMJ Awards recognises the exceptional work completed by doctors and clinical teams to improve outcomes for patients across the country. It is described as the UK's leading medical awards.

May 2019: New main entrance opens with all-new facilities and services
The Hospital's new main entrance, a modern and spacious facility that will provide additional services for patients, staff and visitors, has opened.It has been developed with an intention to improve the dignity and comfort of patient transfers across the hospital.

July 2019: Golden sunshine for golden celebrations
Celebrations took place in July as staff throughout Poole Hospital celebrated 50 years since Her Majesty The Queen officially opened the new hospital. Cakes bearing a replica of the cover of a commemorative brochure created half a century ago to mark the Royal occasion were given out to all wards and departments. Elsewhere, the garden next to Durlston ward was officially re-opened by chief executive Debbie Fleming following the removal of a temporary walkway put in place while the hospital's new main entrance was constructed.

September 2019: Harry Redknapp officially opens new main entrance
Poole Hospital's new main entrance was officially opened by Harry and Sandra Redknapp. The former Premier League football manager was the event's guest of honour with his wife along with Sir Keith Pearson, non-executive chairman of Noviniti, the company that developed the facility.

September 2019: Inspirational staff and supporters recognised at awards evening
A member of the catering team, doctors, nurses, fundraisers and volunteers were among the winners at Poole Hospital's annual awards evening. More than 280 nominations were received from staff, patients and the public, in categories recognising innovation, excellence in care, volunteering and fundraising. To mark the 50th anniversary of the hospital a special award for outstanding contribution was made to Yvonne Hunter, lead for the hospital's surgical care group.

September 2019: Open day huge success
More than 1,000 residents took advantage of the chance to go behind the scenes at Poole Hospital on 14 September during a record-breaking open day. Attendance almost doubled that of the last open day at the hospital in 2015.Guided tours in areas included x-ray, pathology laboratories, operating theatres, physiotherapy gymnasium and pharmacy's dispensing robot.

December 2019: 'One-stop-shop' for patients officially opened at Poole Hospital
An enhanced treatment unit, providing a 'one-stop-shop' for patients, has been officially opened. The Outpatients Treatment Centre provides a range of outpatient clinics for patients in east Dorset. The majority of the funding for the project has been donated by About Face, a local charity supporting people who have head and neck cancer.

January 2020: 'Outstanding for caring' – staff recognised in latest inspection report
Inspectors from the Care Quality Commission again rated Poole Hospital as 'good' overall, good for well-led, good for use of resources - and now, 'outstanding' for caring. Inspectors found a 'strong patient-centred culture' with staff 'doing what was right for their patients.'

February 2020: Satisfaction high in new staff survey
As the two acute trusts based on the eastern side of Dorset prepare for merger, the latest NHS National Staff Survey provides a very positive picture. More than 84% of staff who took part in the latest NHS National Staff Survey at The Royal Bournemouth and Christchurch Hospitals (RBCH) and 78% at Poole Hospital would recommend their trust to family and friends, according to the results published today.

2. PERFORMANCE ANALYSIS

2.1 How we Measure Performance

We measure our performance using the NHS Oversight Framework 2019/20. This framework has five themes:

1. Quality of care (safe, effective, caring, responsive)
2. Finance and use of resources
3. Operational performance
4. Strategic change
5. Leadership and improvement capability (well-led)

We report our performance to the Trust Board on a monthly basis and we are also monitored by NHSE/I. The Integrated Quality & Performance Report, our monthly performance report, provides the Board with an overview of latest performance against the key metrics and identifies exceptions, including position exceptions, where performance has outperformed usual tolerances, or where a target is falling short. Within the NHS Oversight Framework are key constitutional standards, set out within the NHS Constitution as standards which we pledge to achieve. Whilst pledges are not legally binding, they represent a commitment by the NHS to provide comprehensive high quality services. Poole Hospital has a track record for strong performance against national and local standards, and we are proud of the performance indicators we have again achieved this year.

Under operational performance the Framework includes these standards:

- A&E waiting times,
- referral to treatment times,
- cancer treatment times,
- mental health treatment times
- ambulance response times.

Emergency Care Pathway:
Poole Hospital is one of 14 trusts across England testing the proposed new urgent and emergency care standards. This will help the NHS to understand the impact they have on clinical care, patient experience and the management of services, compared to the current single four-hour access standard in A&E. During field testing we will be monitoring the new measures so reporting against the 4-hour standard is not be required. Trusts will, however, report performance against Field Testing standards (since 22nd May 2019)

The information over the next few pages provides a snapshot of how we are performing; more detailed information on the Trust's performance is available on our website at www.poole.nhs.uk/about-us/our-performance.aspx

2.2 How we have performed during 2019/2020

In terms of trends the year can be broadly split into before and after the Covid-19 outbreak.

Up until the end of February 2020, the demand for elective care had grown by 2% for the year to date, with activity levels increased in both day case and outpatient follow up attendances around 5 % year on year. Referral to Treatment (RTT) 18 week access standard has remained challenging since August 2017 as a result of constraints in capacity due to staffing and compounded by winter pressures and increasing demand. The Trust has however achieved and maintained the requirement to deliver a waiting list of no more than 14,608 pathways by 31st March 2020. From 31st October this target was consistently achieved. A remedial action plan was been developed to improve performance against the 18 week access standard, with particular focus on 52 week waiters. Over the month of March and April 2020 the Trust priority on available capacity was redirected to COVID–19 preparations and response. All available operating capacity was allocated to time dependent surgery impacting on waiting times for planned surgery.

The DM01 diagnostic access standard of 99% of waits within 6 weeks performance during the year overall performed well during the year across the majority of diagnostic tests and only fell short on endoscopy due to increasing demand experienced. For cancer the 62 day standard was not met at the end of February, although the service did achieve the majority of other standards possible. Diagnostic waits and late referrals have been contributing factors alongside surgical capacity.

For Poole site ED, attendances increased year on year to February by 3%, although non-elective activity levels remained static. Poole remains part of the national pilot scheme for the new emergency care standard and is excluded from reporting against the 4-hour target.

From March 2020 the focus of the Trust was redirected to Covid–19 preparations and response. The planned response resulted in a reduction in elective capacity and increased waiting waits for routine planned work although overall numbers of people waiting fell due to the reduced demand. The impact of Covid-19 has impacted on the performance reported for the operational standards.

2.3 Clinical Performance

Performance Metric	National Target	Our Performance last year 2018/19	Our Performance this year 2019/20
A&E - % patients admitted, transferred or discharged within 4 hours	95%	88.95%	ED pilot – no 4hr standard reporting
Diagnostics – % patients seen within 6 weeks	99%	98.5%	91.8%
Referral to Treatment - % patients within 18 weeks	92%	85.1%	73.6%
Referral to Treatment – number of pathways	Zero growth	14,608	13,752
Cancer - % patients seen within 2 weeks from referral to first appointment	93%	97.6%	97.1%
Breast Cancer - % patients seen within 2 weeks from	96%		94.6%

referral to first appointment		100%	
Cancer - % patients diagnosed being treated within 31 days	85%	99.2%	98.7%
Cancer - % patients being seen 62 days from urgent GP referrals	85%	76.2%	77.6%
Number of elective inpatients treated	N/A	3,525	3,325
Number of elective day cases	N/A	34,825	36,328
Number of non-elective inpatients treated	N/A	39,044	38,047
Number of emergency admissions		38,617	36,488
Accident and Emergency Attendances Minor Injuries Unit (1)		72,013 19,074	72470 19,849
Number of new outpatient attendances	N/A	88,738	85,958
Number of outpatient follow up attendances	N/A	146,462	151,255
Births	N/A	4,119	4,046
Requests for medical imaging	N/A	202,673	252,193
Radiotherapy attendances (2)	N/A	30,577	31,062

Note (1): Blandford, Swanage & Wimborne Minor injury units are reported through Poole Hospital from 1st November 2016

Note (2) The drop in attendances over the last 3 years is mostly due to the change in prostate fractionation from 37 attendances to 20 attendances for the majority of these patients.

Key Quality Performance Indicators

Performance Metric	Target	Our Performance last year 2018/19	Our Performance this year 2019/20
Infection control			
Clostridium difficile infection - number	34	NA	35
MSSA Bacetraemia number	NA	26	18
E.Coli bacteraemia number	NA	29	48
MRSA Bacteraemia number	0	0	1
Incidents			
All in-patient falls	NA	832	940
All in-patient falls per 1000 bed days	NA	4.55	6.05
Falls resulting in severe or moderate harm	NA	32	36
Falls resulting in severe or moderate harm per 1000 bed days	NA	0.24	0.15
Performance Metric	**Target**	**Our Performance**	**Our Performance**

		last year 2018/19	this year 2019/20
Quality			
All hospital acquired pressure ulcers	NA	470	478
All hospital acquired pressure ulcers per 1000 bed days	NA	1.58	3.35
Acquired catergory 3 & 4 PU	NA	118	134
Acquired catergory 3 & 4 PU per 1000 bed days	NA	0.64	0.69

The trust has maintained its focus on the prevention of infection with a significant reduction in MSSA and just one case of MRSA in which no care deficits were identified. The trust anticipates meeting its objective for Clostridium difficile following confirmation of non-trajectory cases. The work to reduce E.coli is ongoing and is recognised as a key priority for the coming year.

Focused effort on falls prevention has resulted in an overall reduction in all falls and falls with harm per 1000 bed days. This measure is more reliable than the total number of falls given the rising occupancy levels of the trust year on year.

The rates of pressure ulcers have fluctuated through the year with further effort being applied to sustain and spread those improvements. A notable increase in pressure ulcers was seen during COVID-19 particularly related to device related injury and positioning in critical care.

2.4 Financial Performance

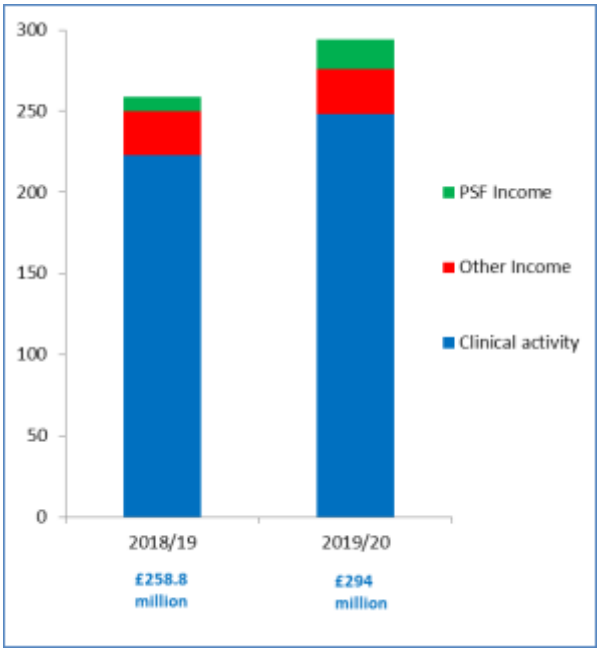
This section summarises the Trust's financial results for the 2019/20 financial year.

Income

During the twelve months to 31 March 2020 the Trust received £294 million in operating income (2018/19 £259m). This represented a total increase of almost 14% on the previous year and included £18.1 million in income earnt from the national Provider Sustainability Fund (2018/19 £8.6 million) as follows:

Provider Sustainability Fund (PSF) and Financial Recovery Fund	2019/20 £m	2018/19 £m
Financial control total	5.2	4.2
A&E 4 hour performance		0.8
PSF Core	5.2	5.0
PSF Incentive: Financial		
PSF Bonus and General Distribution		3.6
Total PSF Income	5.2	8.6
Total FRF (Financial Recovery Fund) Income	10.9	
Total MRET (Marginal Readmission) Income	2.0	
TOTAL	**18.1**	**8.6**

Comparative clinical income rose by 10% to £248 million (2018/19 £225 million). This income was directly related to the treatment of patients, with £245 million paid to the Trust by clinical commissioning groups and NHS England.

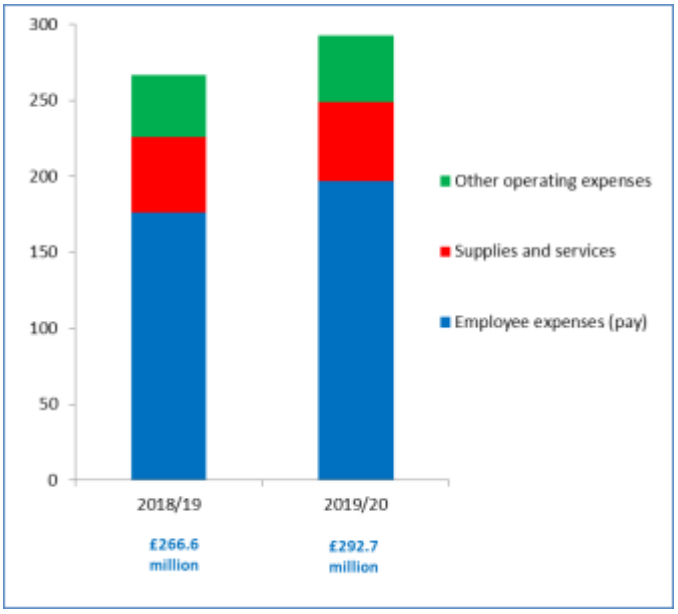


Expenditure

The Trust also saw an increase in expenditure during the year, with £293 million being spent (2018/19 £267 million). This was an increase of almost 10% when compared with the previous year.

Pay costs represent two thirds of the overall cost of care, and in the year £197 million was spent on pay (2018/19 £176 million) representing a total annual increase of almost 12%. Within this, expenditure on agency staff increased by 25% to £11.1 million (2018/19 £8.8 million). The average number of staff employed, including agency and bank staff, increased by almost 7% to 4,014 (2018/19 3,762).

Expenditure associated with clinical services and supplies accounted for the second largest element of spend, and during the year the Trust spent £52 million on such items (2018/19 £50m), of which £26 million was spent on drugs.



Financial Performance

The financial statements for the Trust report a £2 million deficit (2018/19 £11 million deficit).

Financial Performance	2019/20 £m	2018/19 £m
Reported (deficit) for the year	-2.0	-11.0
Impairment	2.0	0.1
Donated capital/ fixed asset disposal adjustment	0.5	0.1
Adjusted (deficit)/ surplus	0.5	-10.9
Less PSF income received	-18.1	-8.6
Control Total (deficit)	-17.6	-19.5

The Trust accepted a planned 2019/20 financial 'control total' expenditure over income deficit of £17.7m, within the context of the Dorset NHS group overarching plan. At planning stage £1m Cost Improvement Plan (CIP) was recognised as being either unidentified or high risk, and unless mitigated internally would require a compensating Dorset NHS group in-year financial delivery offset. The Trust delivered a position better than the agreed control total in the year of £0.1 million.

Cash

A £7.0m Cash Balance as at 31 March 2020 (£5.5m 2018/19) was reported. The year-end cash position was favourable to plan but included income received ahead of expenditure and on account in respect of a number of major capital schemes.

During 2019/20 the Trust drew £11.9m external cash support from the Department of Health and Social Care's Uncommitted Interim Revenue Support Facility.

Going Concern

In the preparation of the year end accounts the Board of Directors is required to undertake an assessment confirming the Trust will continue as a going concern (i.e. that it will continue in the business of healthcare provision for the foreseeable future).

The Trust has prepared its financial plans and cash flow forecasts for the coming year on the assumption that funding will be received from the Department of Health and Social Care consistent with the revised funding arrangements in response to the COVID-19 pandemic. Discussions to date indicate this funding will be forthcoming. These funds are expected to be sufficient to enable the Trust to meet its obligations as they fall due; and will be accessed through the nationally agreed process published by NHS Improvement and the Department of Health and Social Care.

The NHS Improvement Foundation Trust Annual Reporting Manual 2019/20 states that financial statements should be prepared on a going concern basis unless management either intends to apply to the Secretary of State for the dissolution of the NHS foundation trust without the transfer of the services to another entity, or has no realistic alternative but to do so.

There has been no application to the Secretary of State for the dissolution of the Trust and following the preparation of detailed financial plans for 2020/21, no such application is planned.

The Board of Directors has therefore concluded that there is a reasonable expectation that the Trust will have access to adequate resources to continue in operational existence for the next 12 months.

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020

will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. The affected loans totalling £24,644k (interim loan principal and interest accrual) are classified as current liabilities within these financial statements. As the repayment of these loans will be funded through the issue of PDC, this does not present a going concern risk for the Trust.

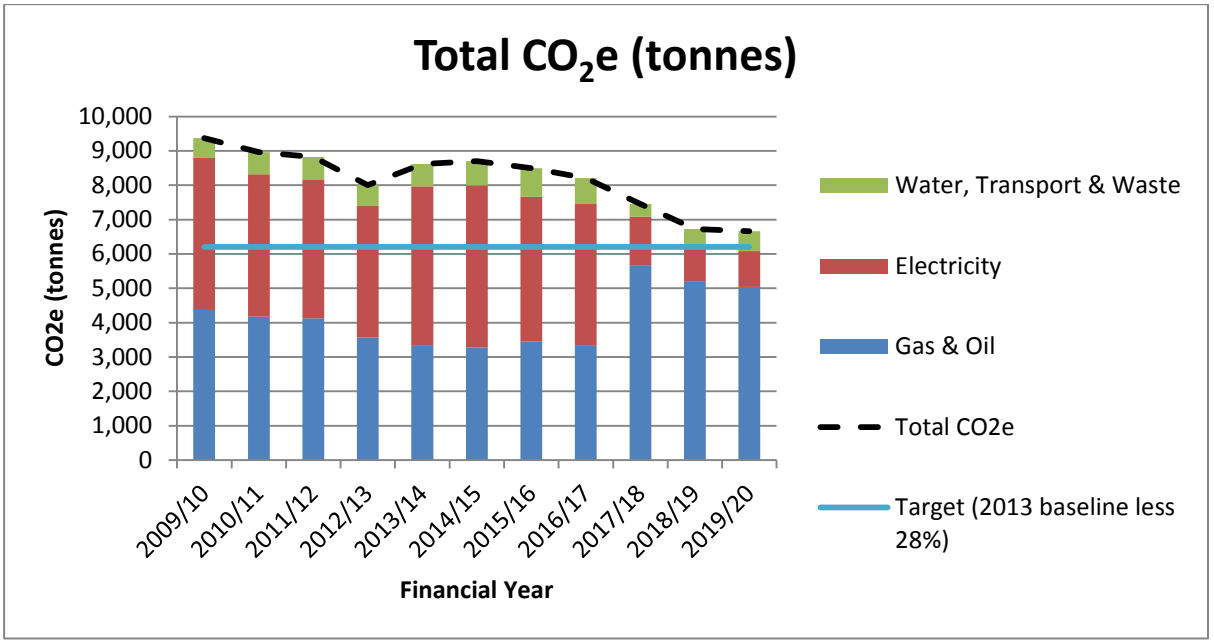
The Board of Directors has therefore concluded that these financial statements should be prepared on a going concern basis as there is a reasonable expectation that the Trust will have adequate resources to continue in operational existence for the next 12 months
The boards of Poole Hospital NHS Foundation Trust and The Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust have announced their intention to merge the operations, assets and liabilities of both into a single new trust. The proposed merger is currently subject to due diligence and regulatory review. Although the merger process has been delayed as a result of the Covid-19 pandemic, both boards anticipate the merger will be completed within the next 12 months. Formal board approval for the merger will be subject to confirmation by independent Reporting Accountants that the merged trust will have sufficient working capital and satisfactory governance arrangements to continue post-merger as a going concern.

2.5 Environmental Matters

Sustainability
As an NHS organisation, and as a spender of public funds, we have an obligation to work in a way that has a positive effect on the communities we serve and the environment which sustains them. Our drive to work sustainably means that we aim to improve the health and resilience of communities in the immediate and the long term.

Poole Hospital CO_2e performance against Climate Change interim targets:
In line with the Climate Change Act (2018), the NHS has set a target of 28% CO_2e reduction by 2020 (when compared to the 2013 baseline[1]). This year the trust has edged closer to this target and has now achieved reductions of 22.7%. The Trust continues to work to exceed 28% reductions. After the dramatic savings achieved through the energy performance contract, as anticipated, further CO_2e reductions are now harder to achieve. Moreover, the Trust activity is expanding and includes the addition of a new Cancer Treatment Service via the Robert White Centre. This has added to the number of LINAC systems that the Trust runs, each very energy intensive to run. We recognise that future CO_2e savings require going beyond energy saving projects and involve a deep dive of broader organisational activity. The Trust has made very good progress on substituting out more CO_2e intensive anaesthetic gases for more sustainable alternatives for example. The Trust will also explore carbon offsetting to move beyond the 28% target and look towards the next challenge set by government, net zero emissions.

[1] HTM 07-02 Part A – Making Energy Work in Healthcare (2015)
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/416635/HTM_07-02_Part_A_FINAL.pdf



Energy, water and carbon management
The Trust has been working with British Gas since 2015 on an Energy Performance Contract (EPC) to make guaranteed energy, financial, and carbon savings through a number of measures:

- The Trust now generates over half of it's electricity requirements with an onsite Combined Heat and Power (CHP) system. Onsite production suffers from virtually no transmission losses and the heat from the generator is also captured to contribute to the Hospitals heat requirements.
- Half of the Hospital lighting has been upgraded to smart-controlled low-energy LED's, which is saving over 240 tonnes of CO^2 a year.
- Smaller projects included upgrading boilers, air handling units and plant room pipework insulation.

Procurement
The Trust is committed to reducing indirect environmental impacts associated with the procurement of goods and services. A Sustainable Procurement Strategy has been developed in co-operation with the Trust's Commercial Services department.

Transport and active travel
The Trust recognises the benefits of reducing the negative environmental, health and social impacts of transport and is committed to reducing its carbon footprint and the impact of commuting on the local community from employee-based car travel.

The Trust has continued a program of staff changing room refurbishments.

The Trust cycle to work scheme has been given a major boost with funding now available for up to £2,500 of cycle equipment.

We offer a discount bus scheme for staff, which offers reduced prices on a variety of passes with our local bus company - More Bus. This also helps to reduce carbon emissions by reducing the number of vehicles on the road.

Waste reduction and recycling
From January 2017 the Trust has achieved zero waste to landfill, thanks to the appointment of a new clinical waste contractor and re-diverting all of our general/domestic waste to energy from waste facility.

The Trust continues to segregate mixed recycling from general waste, and introduce recycling bins into new areas where possible and during refurbishment projects. All household batteries are

segregated and recycled for free, and the Trust has had an income stream from recycling materials such as cardboard and scrap metal.

Staff engagement and communications

The Trust aims to ensure that all staff, patients, visitors and suppliers are able to effectively engage with, and support, the Trust's sustainability strategy. A Sustainability Officer was recruited in 2015 and acts as the key contact within the Trust for all related enquiries, as well as promoting actions that the Trust is taking to reduce carbon emissions.

The performance data below shows the total energy consumption for the Trust and demonstrates the trend in consumption and spend over time. In addition to electricity and gas, the carbon emissions from waste and water are also shown in separate tables over the same period.

Priorities and targets for 2020/21:

- Create a Sustainable Futures group and plan for the planned entity, University Hospitals Dorset NHS Foundation Trust, which is due to be created through the merger of Poole Hospital NHS Foundation Trust and The Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust.
- Ensure new builds meet latest building control and local planning standards for energy efficiency.
- Implement water-saving projects across estate
- Implement additional LED lighting
- Implement roof mounted solar photovoltaic panels.

Performance data:

Greenhouse gas emissions and energy use:		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Non-financial indicators (tonnes CO_2e)	Total gross emissions:	8,746	8,495	8,210	7,377	6,724*	6,661
	Gross emissions scope 1 (gas)	3,275	3,450	3,329	5,412	5,187	5,036
	Gross emissions scope 2 (electricity)	4,665	4,216	4,123	1,583	994	1,050
	Gross emissions scope 3 (waste/water/business travel)	805	830	758	382	544*	576
Related energy consumption (MWh)	Total consumption:	27,144	27,824	28,007	30,712	32,902	33,183
	Electricity	9,439	9,121	10,005	4,502	4,040	4,632
	Natural gas	17,705	18,703	18,002	26,210[4]	28,862	28,551
Financial indicators (£1,000s)	Expenditure on energy	1,748	1,650	1,520	1,304	1,444	1,567
	CRC gross expenditure	142	130	130	107	84	0
	Expenditure on official business travel	187	197	194	191	197	198

*2018/19 Scope 3 figures corrected and now in line with BEIS clinical waste carbon factors

Waste:		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Non-financial indicators (tonnes)	Total waste:	934	1,047	1,095	1,041	1,110	1,189
	High temp disposal waste	501	526	283	92	84	80
	Domestic incineration (with energy recovery)	-	-	348	803	837	837
	Landfill	347	361	290	0	0	0
	Recycled/reused	86	160	174	146	189	227
Financial indicators (£1,000's)	Total waste cost:	325	346	337	298	311	413
	Clinical waste	258	272	264	219	228	325
	Domestic waste	63	69	68	73	77	79
	Recycled/reused	4	5	5	6	6	9

Water:		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Non-financial indicators (1,000's m^3)	Water consumption	105	110	115	118[5]	121	125
Financial indicators (£1,000's)	Water & sewerage costs	325	301	325	347	356	370
Water usage (m^3) per occupied floor area (m^2):		1.59	1.55	1.59	1.67	1.71	1.77

[5] Rising activity for the hospital has driven higher annual water and sewerage consumption however, major leaks in September 2019 resulted in exceptional usage.

To find out more about the NHS sustainability strategy, or the Climate Change Act (2008) please visit:

NHS Sustainable Development Unit: http://www.sduhealth.org.uk/

UK Climate Change Adaptation: https://www.gov.uk/government/policies/adapting-to-climate-change

2.6 Social, Community and Human Rights

Equality and Diversity

Poole Hospital has a commitment to equality and diversity as a provider of healthcare services and as an employer. The provisions of the Equality Act 2010 are applied across the trust in relation to all protected characteristics to progress equality, diversity and inclusion in

all services and the employment of our staff. This is evidenced by a NHS Staff Survey score of 9.2 for the Equality and Diversity theme.

The trust's positive approach to equality and diversity is supported by the values of the Poole Approach which progress the delivery of inclusive services. Equality, diversity and inclusion training is delivered to all new staff on joining the trust and within Core Skills training attended by all staff.

The work of the Equality, Diversity and Inclusion Group, led by an executive director, provides assurance of a range of actions in place to support best practice and the development of skills and understanding in inclusion across the trust.

The trust reports and takes actions on the NHS Workforce Race Equality Standard (WRES) and NHS Workforce Disability Equality Standard (WDES) and also the Gender Pay Gap.

Staff engagement on inclusion is in place and the trust has set in place arrangements to ensure that BAME (Black, Asian and minority ethnic staff) have a voice in the trust, through membership of a BAME staff network. There is also a LGBT (lesbian, gay, bisexual and transgender) Group which is open to both staff and others and promotes sexual orientation equality for staff and patients.

The regulators, the Care Quality Commission (CQC), National Trust Development Agency (NDTA) and NHS Improvement use equality, diversity and inclusion data from the National NHS Staff Survey, the Equality Delivery System and the Workforce Race and Disability Equality Standards to help assess whether NHS organisational are well-led. The standards are applicable to providers and are subject to the clinical commissioning group's assurance process.

Gender Pay Gap reporting

The trust has reported its current Gender Pay Gap report. The report, which shows our Gender Pay Gap results and actions we are taking in relation to these, is here: https://www.poole.nhs.uk/pdf/Gender Pay Gap Report 2019.pdf

A fair employer

The trust is proud to be a holder of the status of Disability Confident Employer. The award recognises a practical commitment to fairness in our recruitment process, including the Guaranteed Interview Scheme. It also acknowledges the trust's commitment to both employing disabled people and delivering a range of support to ensure that staff with disability are developed and retained within the trust.

Counter Fraud and Security Management Service

To help protect valuable NHS resources and ensure continued funding for the provision of services, the Trust is committed to preventing losses to fraud, corruption and error. Whilst the vast majority of staff, contractors and patients are honest, unfortunately experience has shown that there are a small minority who are willing to steal from the NHS.

The Trust employs a specialist service to investigate complaints of suspected fraud, bribery and corruption. It has a number of policies relating to fraud, bribery and corruption including a Fraud Response Plan, Standards of Business Conduct Policy, Whistleblowing Policy and the National Fraud Initiative**.**

2.7 Overseas Operations: None

2.8 Protecting Patients' Information

Information Governance is an important issue for the Trust, and the Senior Information Risk Owner (SIRO) and Caldicott Guardian are both Board level appointments, leading the drive to achieve standards for Information/Cyber Security, Confidentiality and Data Protection, Records Management, and Secondary use of Information. The Trust are signatories to the Dorset Information Sharing Charter (DISC) and the Dorset Care Record (DCR), which is bringing together vital information from all services which will assist in providing higher levels of care across Dorset. This highlights the Trust's commitment to working more collaboratively with our partners across Dorset. In both cases the relevant parties liaised closely with the Information Commissioner's office, to ensure appropriate steps were taken to maintain high levels of confidentiality. Details of the (DCR) were communicated to Dorset residents, with an opt out facility should they wish to not participate, and towards the end of this project patients will be able to gain access to a secure portal to view their medical information.

The Trust take a positive approach to information rights, and protecting people's information rights is a frontline service and we ensure we conform to all legislation requirements, by undertaking the following:

- All staff are expected to take a positive approach to their responsibilities, and ensure they understand the importance of information rights and their own responsibility for delivering them
- Ensuring all staff receive information management/security training, annually by providing regular corporate training sessions, electronic training, ad hoc sessions, which include assessments where an acceptable level must be achieved and making guidance readily available in paper and electronically, achieving compliance level of 95%.
- Providing clear policies and guidance which are easily accessible to all staff, which are reviewed and updated accordingly.
- Conducting confidentiality audits throughout the Trust
- Clearly displaying the Trust's privacy notice.
- Ensuring all Incidents are reported, investigated and managed in accordance with national requirements. The Trust is committed to monitoring incidents to ensure that they are robustly investigated, appropriate actions are taken which would include action to improve patient safety and that lessons are learned in order to minimise the risk of similar incidents occurring in the future.

Further information in relation to incidents can be found below.

Data Security and Protection Toolkit

This is the core internal and external assurance mechanism for information governance in the Trust and is the national annual toolkit assessment. This was previously known as the Information Governance Toolkit (IGT) but was relaunched in April 2018 as the Data Security and Protection Toolkit (DSPT) with a revised mandatory framework and a greater focus on digital information and cyber security.

The previous IGT included 45 assertions and 135 evidence requirements across six key areas. The Trust was required to achieve a minimum of Level 2 in all 45 assertions in order to 'pass' the assessment and deliver a 'satisfactory' submission. The Trust has had a satisfactory submission for the last five financial years.

The DSPT was reviewed and updated by NHS digital for 2019/20, and this now includes 179 evidence requirements (30 more than 2018/19 across 44 assertions (four more than 2018/19). 116 evidence requirements are mandatory and the remaining 63 are best practice.

The Trust must be 100% compliant in all mandatory areas in order to have a 'satisfactory' submission.

The Trust has been working through an agreed action plan, and was required to submit by 31 March 2020, but this was extended until the end of September due to the coronavirus. However as the Trust had achieved all mandatory requirements this was submitted by the end of March as normal.

In 2019/20 the Trust processed 2,505 requests for personal information made under the Data Protection legislation. And a total of 707 Freedom of Information requests were processed.

Summary of Information Governance Incidents Recorded During 2019/20.

During the period 2019/20 we can confirm that there were no incidents recorded that met the requirement to be reported to the Information Commissioner's Office (ICO) and NHS digital. Categorised numbers of other incidents recorded are provided below, all cases are investigated and in the majority of cases these were appropriately resolved.

SUMMARY OF OTHER PERSONAL DATA RELATED INCIDENTS IN 2019-20

Category	Breach Type	Total incidents
A	Corruption or inability to recover electronic data	77
B	Disclosed in Error	123
C	Lost in Transit	7
D	Lost or stolen hardware	10
E	Lost or stolen paperwork	254
F	Non-secure Disposal – hardware	1
G	Non-secure Disposal – paperwork	2
H	Uploaded to website in error	3
I	Technical security failing (including hacking)	6
J	Unauthorised access/disclosure	24
K	Other	3

Signature: 

Debbie Fleming, Chief Executive

Date: 24/6/2020

SECTION B: ACCOUNTABILITY REPORT

3.1 Governance and Membership

Introduction

As a Foundation Trust, Poole Hospital is run by a board of directors. This is made up of executive and non-executive directors. The board of directors is responsible for setting and achieving the long term strategic goals and key objectives of the foundation trust and ensuring that it meets the terms of its licence. In scrutinising the 2019/20 annual report and accounts they were found to be fair, in representing a true representation of the issues encountered by the trust, balanced in presenting a consistent view of the trust and its performance and understandable, in using straightforward language in an easy to read manner with defined and well linked sections.

3.2 Key activities of the Board of directors

The board of directors is made up of executive directors and non-executive directors. The board usually meets every other month and its role is to determine the overall corporate direction of the trust and ensure delivery of our goals, contractual targets and regulatory requirements. The board has reserved powers to itself covering:

- Regulation and control
- Appointments
- Strategy, business plans and budgets
- Direct operational decisions
- Financial and performance reporting arrangements
- Audit arrangements
- General enabling provision to determine any matter within its statutory powers.

The board delegates areas of its powers to its sub-committees (not including executive powers unless expressly authorised). The schedule of delegation for the board sub-committees and for the executive committee of the trust is set out in standing orders.

The board has given careful consideration to the range of skills and experience required for the running of an NHS foundation trust and confirms that the necessary balance and completeness has been in place during the year under report.

The trust has various routes for resolving disagreements between the board of directors and the council of governors. These include the interventions of the senior independent director and the deputy chairman of governors (who is a governor). There is also a formal position for resolving any disagreements which can be found at:

https://www.poole.nhs.uk/pdf/Dispute%20Resolution%20Procedure%20Final%20Version%20(following%20CoG%201-5-14).pdf

Non-executive directors may have their tenure terminated by their own resignation, through the intervention of NHS England and Improvement or a decision by the council of governors based on the approval of three quarters of the members of the council of governors.

The trust has a formal statement regarding the division of responsibilities between the chairman and chief executive as required by Monitor's (now NHS Improvement's) code of governance and this can be found on our website:

https://www.poole.nhs.uk/pdf/D23%20-%20Chairman%20v%20Chief%20Executive%20Resposibilities%20Statement.pdf

Board evaluation and NHS Improvement's Well-Led Framework

The Board and the sub-committees were evaluated in October 2019 by the Care Quality Commission as part of the CQC's inspection of the well-led question. The Trust was rated as "good". Prior to the inspection the board undertook a self-assessment against the Well-Led Framework in the summer of 2019. The trust has an experienced and credible leadership team with the skills, abilities and commitment to provide high-quality services. The board promotes a positive culture within the trust. In particular, the "Poole Approach" is embedded in the work of the organisation and is underpinned by the values of compassion, openness, respect, accountability and safety. Performance, quality and risk are reported directly to the board with standardised ward to board performance data providing key quality and safety metrics.

Board development

The board has also been fully cognisant of its own development needs and in the period covered by this annual report, has held a number of development sessions covering a wide range of topics including quality improvement, working effectively as a board, and the board's Risk Appetite statement. The board also engaged in joint development sessions with the governors in June 2019, which included presentations on an introduction to quality improvement and the trust's strategy.

3.3 Council of governors

The council of governors is responsible for holding the non-executive directors to account for the performance of the foundation trust. The council of governors has the powers to appoint the chairman and non-executive directors of the trust and to approve the appointment of the trust's chief executive. The council of governors also has the powers to remove the chairman and non-executive directors at a general meeting of the council of governors.

Working with governors

The trust has a formal engagement document which was updated in September 2016, that sets out how the board of directors works with the council of governors to ensure the directors have an understanding of the views of governors and members and directors are invited to the council of governors meetings. The document underlines the importance of frequent informal communication in building a positive and constructive relationship, and outlines formal communication methods and can be found on our website:

https://www.poole.nhs.uk/about-us/board-of-directors/board-governance-arrangements.aspx

3.4 Members of the board of directors

David Moss, chairman

Date of appointment: 1 January 2019

David has extensive experience of health services locally. He was Chief Executive of Poole Hospital from 1985-1988 and Chief Executive of Southampton University Hospitals Trust from 1988-2004 where he oversaw the transformation and merger of 10 hospitals into one Trust. He has been Chair of The Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust since March 2017. He has also been Deputy Director of Human Resources for the NHS, interim Chief Executive of The Royal College of Physicians and has extensive non-executive experience.

Philip Green, non-executive director; vice chairman and chairman of the audit and governance committee (from 1 December 2015)

Date of appointment: 25 April 2015
Date of expiry: 24 April 2021

Philip had 40 years' experience working in the aerospace and defence sector, firstly at BAE Systems PLC and then at Meggitt PLC, a FTSE 250 company, where he was a member of the Board of Directors for 19 years. He retired recently from Meggitt where he held the position of Executive Director, Commercial and Corporate Affairs responsible for commercial, legal and compliance matters as well as UK and US government relations.

Stephen Mount, non-executive director; chairman of finance and investment committee

Date of appointment: 1 December 2017
Date of expiry: 30 November 2020

Stephen is currently an independent non-executive director and chair of the Audit Committee at Gama Aviation Plc, a member of the Regulatory Decisions Committee of the Financial Conduct Authority and of the Audit Quality Review Committee of the Financial Reporting Council. He also acts as an expert witness on corporate governance, financial reporting and audit matters. Until 2016 he was a senior partner with PricewaterhouseCoopers LLP where he spent 27 years auditing and advising the boards of companies across a wide range of industry sectors on a variety of strategic and financial issues. He served as PwC's UK technology industry leader, and led the post-merger integration of major Coopers & Lybrand and Pricewaterhouse offices. He

is a Fellow of the Institute of Chartered Accountants in England & Wales and lives in the New Forest.

Dr Calum McArthur, non-executive director; chairman of quality, safety and performance committee

Date of appointment: 1 November 2014
Date of expiry: 31 October 2020

Surgeon Rear Admiral Calum McArthur, who retired from the Royal Navy at the end of 2014, took up the role with Poole Hospital's board of directors on 1 November. He is the Head of Joint Medical Command for HM Forces and Royal Navy Medical Director General and also a practising GP.

Caroline Tapster, non-executive director;

Date of appointment: 1 December 2015
Date of expiry: 30 November 2021

Caroline Tapster CBE has spent the last 30 years working in local government and the NHS, in Dorset, East Sussex and Kent. She joined Hertfordshire County Council in 1995 becoming Director of Adult Care Services in 2001, and was appointed Chief Executive in 2004. During this time she was a Governor of Oakland's FE College, President of Hertfordshire Agricultural Society, a Board member of Hertfordshire PCT, and was awarded an Honorary Doctorate from the University of Hertfordshire.

She has been a Board Member of SOLACE, a past Chairman of ACCE, a member of numerous National Advisory Groups and Government Reviews and has served as a non-executive director of the Disclosure and Barring Service and as a Trustee of the Terence Higgins Trust. She is currently Director of Health and Wellbeing System Improvement for the Local Government Association.

David Walden, non-executive director, chairman of charitable funds committee

Date of appointment: 1 December 2015
Date of expiry: 30 November 2021

David Walden CBE was a Senior Civil Servant in the Department of Health from 1989 to 2004. Previous appointments also include: Director at the Social Care Institute for Excellence, Strategy Director at the Commission for Social Care Inspection, Transition Director establishing the Regulator of NHS Foundation Trusts (Monitor) and Director of Anchor Trust. In the early 1990s he was Director of Human Resources at Poole Hospital. David also sits on the Board of Affinity Trust, which provides services for learning disabled people, and the Barchester Foundation.

Nick Ziebland, non-executive director; senior independent director (from 1 December 2015) and chairman of the workforce and organisational development committee

Date of appointment: 31 August 2011
Date of expiry: 30 August 2020

Nick is a former executive at the British Airports Authority (BAA), having previously worked for companies including J Sainsbury and Imperial Group. He has also served as a non-executive director for the South East Coast Strategic Health Authority and as an independent committee member for Dorset Community Health Services. In addition, Nick is on the Boards of Bridport Arts Centre and Local Food Links.

Debbie Fleming, chief executive

Date of appointment: 1 April 2014

Debbie brings with her over 30 years' experience in the NHS. She joined Poole Hospital from NHS England, where she served as area director for Wessex, and has also held a variety of other senior posts within the NHS including more than a decade in chief executive roles at Bournemouth & Poole and Hampshire primary care trusts. Her appointment as chief executive marks a return to Poole Hospital for Debbie. She began her NHS management career at the hospital and enjoyed ten years as the trust's general manager for medicine during the 1990s.

Mark Mould, chief operating officer

Date of appointment: 7 April 2014

Mark joined us from University Hospital of North Staffordshire NHS Trust, where he has provided key operational leadership in a number of senior roles, including acting chief operating officer and deputy chief operating officer. Mark's extensive NHS experience also includes Salford Royal Hospital NHS Trust.

Patricia Reid, director of nursing

Date of appointment: 6 February 2017

Patricia is a highly experienced nurse and senior manager with extensive NHS experience. She joined us from Luton and Dunstable University Hospital where she was chief nurse. She also has a wide variety of experience outside of the NHS, including serving as clinical editor of the Nursing Times and being on the board of the British Medical Journal as their first ever nurse representative.

Mark Orchard, director of finance

Date of appointment: 1 May 2015
Date of expiry: 30 September 2019

Mark brought over seventeen years NHS experience to Poole Hospital, including seven at director level. He joined us from NHS England (Wessex) where he was director of finance. He has also enjoyed senior finance leadership roles at Bournemouth and Poole Teaching PCT, South and East Dorset PCT and the Bristol PCT Cluster.

Pete Papworth, Joint Interim Director of Finance

Date of appointment: 1 October 2019

Pete was appointed to Royal Bournemouth Hospital in May 2017 following five years as the Trust's Deputy Director of Finance. Pete is a chartered accountant and brings 14 years' experience working across all aspects of the public sector in Dorset, since joining the Audit Commission's Graduate Scheme in 2003. Pete joined Poole Hospital as the joint interim director of finance, working across both Trusts.

Dr Angus Wood, medical director

Date of appointment: 1 January 2018
Date of expiry: 31 December 2019

Angus trained in London, graduating from Westminster Medical School in 1985. After a number of medical junior posts, he trained as a radiologist in Southampton, returning to London as a lecturer in MRI at Barts and the London Hospital. He joined Poole Hospital in 1996, where in addition to maintaining a clinical interest in cancer imaging, he has been lead clinician for PACS procurement, clinical lead in radiology and deputy medical director.

Dr Matt Thomas, acting medical director

Date of appointment: 1 January 2020

Matt has been a consultant looking after older people at Poole Hospital since 1995. He has had roles with both the Royal College of Physicians of London and the Royal College of Physicians of Edinburgh as well as with NHS Elect's Acute Frailty Network. He has lectured internationally on older people services and examines trainee physicians both in the UK and abroad.

Details of all the Board members and their declarations of interest can be viewed on the Trust's website : https://www.poole.nhs.uk/about-us/board-of-directors.aspx

In addition, during the year the following served on the board in a non-voting capacity:

- Jacqueline Cotgrove, director of workforce and organisational development (August 2016)

In compliance with paragraph B.3.3 of the Monitor code of governance for NHS foundation trusts, no executive director holds more than one non-executive directorship of an NHS foundation trust or another organisation of comparable size and complexity during 2019/20.

All of the non-executive directors are considered to be independent by the board of directors. This included Mr Nick Ziebland who had served on the Board of Directors for more than six years and had been reappointed by the Council of Governors for a further period of one year, beginning on 30 August 2019. The reappointment of Mr Ziebland had been viewed as necessary in order to provide continuity in light of his role as Senior Independent Director in the lead up to the proposed merger.

In determining Mr Ziebland's independence, the Board of Directors considered whether his previous tenure as a non-executive director of the Trust might affect his independence. The Board's conclusion, based on a number of factors including his experience and knowledge and the fact that Mr Ziebland has always exercised a strongly independent judgement during the preceding period of tenure as a non-executive director, was that the independence of his character and judgement was not compromised. For these reasons the Board of Directors considers Mr Ziebland to be independent in character and in judgement.

Since 1 January 2019 the chairman is an interim joint appointment with the Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust.

As far as each individual director of Poole Hospital NHS Foundation Trust is aware, there is no relevant audit information of which the foundation trust's auditors is unaware. Each director has taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the foundation trust's auditor is aware of that information.

A director is regarded as having taken all the steps that they ought to have taken as a director in order to do the things mentioned above, and:

- Made such enquiries of his/her fellow directors and of the company's auditors for that purpose; and
- Taken such other steps (if any) for that purpose, as are required by his/her duty as a director of the company to exercise reasonable care, skill and diligence.

The board of directors has approved a policy for the provision of any non-audit service that might be provided by the trust's external auditor. This policy removes any unnecessary restrictions on the purchase of services from the external auditor but ensures that any non-audit service provided by them cannot impair or cannot be seen to impair the objectivity of their opinion on the financial statements. The trust's current auditors, KPMG, were appointed from April 2018 and have provided non-audit services to the trust since appointment.

ATTENDANCE AT BOARD OF DIRECTORS' MEETINGS 2019/20

NAME OF COMMITTEE	**BOARD OF DIRECTORS**								
	MEETING DATES								
Membership (Voting Members)	**22 May 2019 ***	**29 May 2019**	**31 July 2019**	**25 September 2019**	**25 September 2019***	**27 November 2019**	**29 January 2020**	**26 February 2020***	**25 March 2020**
DAVID MOSS Trust chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓
DEBBIE FLEMING Chief executive	✓	✓	x	✓	✓	✓	✓	✓	✓
PHILIP GREEN Non-executive director	✓	✓	x	✓	✓	✓	✓	✓	✓
CALUM MCARTHUR Non-executive director	x	✓	✓	✓	✓	✓	✓	✓	✓
STEPHEN MOUNT Non-executive director	x	x	✓	✓	✓	x	✓	✓	✓
MARK MOULD Chief operating officer	✓	✓	✓	✓	✓	✓	✓	✓	✓
MARK ORCHARD Director of finance	✓	✓	✓	✓	✓				
PETE PAPWORTH Joint Interim Director of finance						✓	✓	✓	✓
PATRICIA REID Director of nursing	x	✓	✓	✓	✓	✓	✓	✓	✓
CAROLINE TAPSTER Non-executive director	✓	✓	x	✓	✓	✓	✓	✓	✓
MATT THOMAS Acting medical director							✓	✓	✓
DAVID WALDEN Non-executive director	✓	✓	✓	x	x	✓	✓	✓	✓

ANGUS WOOD Medical director	✓	✓	x	✓	✓	✓			
NICK ZIEBLAND Non-executive director	x	✓	✓	x	x	✓	✓	✓	✓
Other directors (non-voting members)									
JACQUELINE COTGROVE Director of workforce & organisational development	✓	✓	✓	x	x	✓	✓	✓	✓
Was the meeting quorate?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Angus Wood ended his tenure as medical director on 31 December 2019
Matt Thomas began his tenure as acting medical director on 1 January 2020
Mark Orchard ended his tenure as director of finance on 30 September 2019
Pete Papworth began his tenure as joint interim director of finance on 1 October 2019
* Extraordinary Board meeting

3.5 AUDIT AND GOVERNANCE COMMITTEE

Chairman : Philip Green, non-executive director

The audit and governance committee, which consists of a minimum of four non-executive directors of the trust, other than the chairman, has an important role to play in ensuring we conduct our financial affairs within an environment of honesty and integrity. The committee meets five times a year. The main objectives of the committee are to ensure that the Trust's activities are within the law and regulations covering the NHS and that an effective internal financial control system is maintained.

The committee must be able to assure the board of directors that the system of internal control is operating effectively and that there are clear processes to ensure that proper risk and governance procedures are in place.

Full terms of reference for the committee can be found on our website: https://www.poole.nhs.uk/about-us/board-of-directors/board-sub-committees/audit-and-governance-committee.aspx

A full annual report of the committee is presented to the council of governors each July and can be found within the published agenda and papers on our website: https://www.poole.nhs.uk/about-us/council-of-governors/public-council-meetings.aspx

Internal audit

Internal auditors assist the audit and governance committee by providing a clear statement of assurance regarding the adequacy and effectiveness of internal controls. The director of finance is professionally responsible for implementing systems of internal financial control and is able to advise the audit and governance committee on such matters. The internal audit function is provided by BDO. Internal Audit has reported as follows:

- Falls Pathway – Design moderate and effectiveness - moderate
- Procurement – Design substantial and effectiveness - moderate
- Fire Safety – Design and effectiveness - moderate
- Clinical Audit Outcomes – Design moderate and effectiveness -moderate
- IT applications – Design substantial and effectiveness –moderate
- Data Security and Protection Toolkit – Design and effectiveness - substantial
- Estates Helpdesk follow up – Design moderate and effectiveness – limited
- Data Quality (62 Day Cancer Waits) – Design and effectiveness – moderate
- Freedom to Speak Up – Design substantial and effectiveness - moderate
- Outpatient Follow Ups – Design and effectiveness - substantial
- Consultant Job Planning – advisory report
- Emergency Planning – advisory review
- Performance Reporting – advisory report
- Medical Examiner – advisory report.

Based on the work undertaken in the year, 'moderate assurance' can be given that there is a sound system of internal control, designed to meet the Trust's objectives and that controls are being applied consistently.

External auditors

The role of external auditors is to provide an independent audit opinion on the annual report and accounts, as well as providing a limited assurance opinion on the quality report. The council of governors appointed KPMG commencing in April 2018. The assessment of the effectiveness of the external audit process is a matter for the director of finance.

The key elements for the framework of assessment of effectiveness of the external audit process employed by the director of finance include a review of performance in relation to the contracted service specification, the standard of audits conducted, the recording of any adjustments, the timeliness of reporting, the availability of the Auditor for discussion and meetings on key issues, and the quality of reporting to the Audit and Governance Committee, the board of directors and the council of governors. Using this framework the director of finance as at 31 March 2020 is satisfied with the effectiveness of the external audit process.

Significant issues considered by the committee in receiving the accounts

The significant audit risks which were identified as part of the overall audit were:

1. Valuation of land and buildings;
2. Revenue recognition; which is a significant risk that professional standards require external audit to assess in all cases;
3. Management override of controls due to a heightened risk that whilst management is in a unique position to perpetrate fraud , no specific additional risks of management override have been identified;
4. Fraudulent expenditure recognition, which relates to completeness of the non-pay and non-depreciation expenditure balance;
5. Going Concern.

AUDIT AND GOVERNANCE COMMITTEE ATTENDANCE REGISTER 2019/20

NAME OF COMMITTEE:	**AUDIT AND GOVERNANCE COMMITTEE**					
REPORTS TO :	**BOARD OF DIRECTORS**					
Membership (as per Terms of Reference).	**MEETING DATES**					
	16 May 2019	**22 May 2019***	**18 July 2019**	**2 October 2019**	**21 January 2020**	**12 March 2020**
PHILIP GREEN Chairman / non-executive director	✓	✓	✓	✓	✓	✓
STEPHEN MOUNT Non-executive director	x	x	x	x	✓	x
DAVID WALDEN Non-executive director	✓	✓	✓	✓	✓	✓
NICK ZIEBLAND Non-executive director	x	x	✓	✓	✓	✓
In attendance:						
DAVID MOSS Trust chairman	x	✓	✓	x	✓	
Executive Directors/Deputies	✓	✓	✓	✓	✓	✓
External Audit	✓	✓	✓	✓	✓	✓
Internal Audit	✓	✓	✓	✓	✓	✓
Counter Fraud	✓	x	✓	✓	✓	✓

Was the meeting quorate? **Y/N**	Y	Y	Y	Y	Y	Y

* Special meeting of the audit and governance committee and finance and investment committee

3.6 FINANCE AND INVESTMENT COMMITTEE

Chairman: Stephen Mount, non-executive director

The finance and investment committee is a sub-committee of the board of directors.

The committee receives detailed monthly financial reports so that it can ensure the use of our financial resources is robust. It sets the policy for and scrutinises cash investments, reviews detailed business cases, oversees the progress of agreed capital investments and reviews financial planning and budgeting processes. The committee also reviews and provides assurance on behalf of the board to the department of health and social care around the costing process and methodology required by the reference cost guidance.

Membership of the committee comprises of a non-executive director (chairman), director of finance, chief operating officer, chief executive and two other non-executive directors. Other senior managers may attend on an *ad hoc* basis as requested by the committee.

The committee meets at least monthly prior to the board meeting or more frequently if required.

FINANCE AND INVESTMENT COMMITTEE ATTENDANCE REGISTER 2019/20

NAME OF COMMITTEE	**FINANCE & INVESTMENT COMMITTEE**											
REPORTS TO:	**BOARD OF DIRECTORS**											
Membership (as per Terms of Reference).	**MEETING DATES**											
	29 April 2019	**16 May 2019***	**28 May 2019**	**24 June 2019**	**29 July 2019**	**27 August 2019**	**23 September 2019**	**28 October 2019**	**25 November 2019**	**27 January 2020**	**24 February 2020**	**23 March 2020**
STEPHEN MOUNT (chairman) Non-executive director	✓	x	x	✓	✓	✓	✓	✓	✓	✓	✓	✓
DEBBIE FLEMING Chief executive	✓	✓	✓	x	x	✓	✓	x	✓	✓	✓	✓
DAVID MOSS Trust chairman	x	✓	✓	✓	x	x	x	x	✓	✓	✓	✓
MARK MOULD Chief operating officer	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	✓
MARK ORCHARD Director of finance	✓	✓	✓	✓	✓	✓	✓					
PETE PAPWORTH Joint Interim Director of Finance								✓	✓	✓	✓	✓

CAROLINE TAPSTER Non-executive director	✓	✓	✓	✓	x	✓	✓	✓	✓	✓	✓	X
In attendance:												
Deputy director of finance	✓	x	✓	x	✓	✓	x	✓	✓	✓	✓	✓
Was the meeting quorate? Y/N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

*Electronically facilitated finance and investment committee meeting
Mr Papworth began his tenure as Joint Interim Director of Finance on 1 October 2019
Mr Orchard ended his role as Director of Finance on 30 September 2019

3.7 QUALITY, SAFETY AND PERFORMANCE COMMITTEE

Chairman: Calum McArthur, non-executive director

The quality, safety and performance committee is a sub-committee of the board of directors.

The committee receives detailed quality, safety and performance reports so that it can ensure that patient safety and quality of services meet registrations and compliance requirements.

Membership of the committee comprises of a minimum of two non-executive directors (one of which chairs the committee), the director of nursing, medical director and chief op. officer.

The committee meets monthly.

QUALITY, SAFETY AND PERFORMANCE COMMITTEE ATTENDANCE REGISTER 2019/20

NAME OF COMMITTEE:	**QUALITY, SAFETY AND PERFORMANCE COMMITTEE**										
REPORTS TO :	**BOARD OF DIRECTORS**										
Membership (as per Terms of Reference).	**MEETING DATES**										
	29 April 2019	**28 May 2019**	**24 June 2019**	**29 July 2019**	**27 August 2019**	**23 September 2019**	**28 October 2019**	**25 November 2019**	**27 January 2020**	**24 February 2020**	**23 March 2020**
CALUM MCARTHUR (chairman) Non-executive director	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	✓
PHILIP GREEN Non-executive director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MARK MOULD Chief operating officer	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	✓
PATRICIA REID Director of Nursing	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
CAROLINE TAPSTER Non-executive director	✓	✓	✓	x	✓	✓	✓	✓	✓	✓	✓

MATT THOMAS Acting medical director									✓	✓	✓
ANGUS WOOD Medical director	✓	✓	✓	x	✓	✓	✓	✓			
In attendance:											
DEBBIE FLEMING Chief executive	✓	✓	x	x	✓	✓	x	x	✓	x	✓
DAVID MOSS Trust chairman	x	✓	✓	✓	x	✓	x	✓	✓	x	✓
Chief pharmacist	x	x	✓	x	x	x	x	x	x	x	x
Internal auditor	x	x	x	x	x	x	x	x	x	x	x
Was the meeting quorate?	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

Dr Wood ended his role as medical director on 31 December 2019
Matt Thomas began his role as acting medical director on 1 January 2020

3.8 WORKFORCE AND ORGANISATIONAL DEVELOPMENT COMMITTEE

Chairman: Nick Ziebland, non-executive director

The workforce committee is a sub-committee of the board of directors.

The committee receives detailed workforce related reports so that it can ensure that workforce capacity and capability is assured for the future strategic direction of the trust.

Membership of the committee comprises of a minimum of three non-executive directors (one of which chairs the committee), the director of workforce and organisational development, director of nursing, medical director and chief operating officer.

WORKFORCE AND ORGANISATIONAL DEVELOPMENT COMMITTEE ATTENDANCE REGISTER 2019/20

NAME OF COMMITTEE:	**WORKFORCE AND ORGANISATIONAL DEVELOPMENT COMMITTEE**				
REPORTS TO :	**BOARD OF DIRECTORS**				
Membership (as per Terms of Reference).	**MEETING DATES**				
	29 April 2019	**24 June 2019**	**27 August 2019**	**28 October 2019***	**24 February 2020**
NICK ZIEBLAND (chairman) Non-executive director	✓	✓	✓	✓	✓
JACQUELINE COTGROVE Director of workforce & organisational development	✓	✓	✓	✓	✓

CALUM MCARTHUR Non-executive director	✓	✓	✓	✓	✓
MARK MOULD Chief operating officer	✓	x	✓	x	x
PATRICIA REID Director of nursing	✓	✓	✓	✓	✓
MARK ORCHARD Director of Finance	✓	✓	✓	✓	
PETE PAPWORTH Joint Interim Director of Finance				✓	x
MATT THOMAS Acting medical director					✓
DAVID WALDEN Non-executive director	✓	✓	✓	✓	✓
ANGUS WOOD Medical Director	x	x	✓	✓	
In attendance:				✓	
DAVID MOSS Trust Chairman	x	x	x	x	x
DEBBIE FLEMING Chief Executive	✓	x	✓	✓	x
Philip Green Non-executive director				✓	
Stephen Mount Non-executive director				✓	
Caroline Tapster Non-executive director				✓	
Was the meeting quorate? Y/N	Y	Y	Y	Y	Y

* All Board members invited to attend the meeting on 28 October 2020
Mark Orchards role as Director of Finance ended on 30 September 2019
Pete Papworth's role as Joint Interim director of finance began on 1 October 2019
Angus Wood's role as Medical Director ended on 31 December 2019
Matt Thomas' role as acting medical director began on 1 January 2020

3.9 APPOINTMENTS COMMITTEE

The appointments committee makes the executive appointments to the board of directors. It is made up of the chairman and non-executive directors of the board of directors. The chief executive is a member except when an appointment of the chief executive is discussed. The director of workforce and organisational development attends except when his/her own appointment is discussed. Appointments to executive director posts are made in open competition and can only be terminated by the board of directors.

3.10 COUNCIL OF GOVERNORS

The council is made up of the trust chairman, fourteen elected public governors, four elected staff governors, and five nominated by partner organisations governors.

The council plays a role in helping to set the overall strategic direction of the organisation by advising the board of directors of the views of the constituencies they represent. It also has specific responsibilities, set out in the National Health Service Act 2006 and the Health and Social Care Act 2012, in relation to the appointment or removal of non-executive directors and their remuneration, the appointment or removal of the trust's auditors and development of the membership strategy. The council met on five occasions in 2019/20 with the individual

attendance recorded in the table on pages 45-46. Nominated governors have observed Board committees since summer 2019.

The trust is committed to embedding transparency and accountability throughout. The trust recognises it has a specific responsibility to inform NHS Improvement of any potential breach of the provider licence at the earliest practicable opportunity. The trust believes that its robust and effective engagement policy would ensure this is done should it be necessary. The trust does not currently foresee any circumstances whereby it would be necessary for the governors to have to inform NHS Improvement of any possible breaches.

The council is chaired by the chairman of the trust, and Nick Ziebland, non-executive director was the senior independent director for the period of this report and was available to the council of governors if they had concerns about the performance of the board of directors, compliance with the provider licence or welfare of the trust, which contact through the normal channels of chairman or chief executive, failed to resolve or for which such contact is inappropriate.

The council's lead governor is Richard Negus from 01/11/18. Geoffrey Carleton was deputy chairman of governors until 31/10/19 and Steve Heath is deputy lead governor from 01/11/19.

Details of governors' declaration of interests which relate to the business of the trust can be viewed on our public website: https://www.poole.nhs.uk/about-us/council-of-governors.aspx or contact the Committee and Membership Administrator, on 01202 442895.

Governor training and development

The council of governors set up in 2014/15 a reference group called the governor training and development reference group. This is chaired by a governor and supported by the company secretary. The group sets out the development of the governors for the year and continue their focus of training and development sessions for the whole governor body and provide individual training as required. They also agreed to continue the membership to the south west governor exchange network and continue joint development sessions with the board of directors.

The council of governors held one development event during the period of the report with the board members. See "Board Development".

The governors' development plan covers:

- developing membership engagement and growth
- developing the engagement with directors
- developing the informal reference group
- developing the role of the governor
- developing resources.

All governors are provided with an induction and receive appropriate updates on the publications; "Your Statutory Duties: A Reference Guide for NHS Foundation Trust Governors" and the "Guide to Monitor for NHS Foundation Trust Governors". These documents are also supported by a trust governor reference manual.

The council is kept fully informed through governor briefings and clinical presentations throughout the year, some of which members of the Trust are invited to.

The council will continue to develop further the membership and its engagement with members through the overarching membership strategy and the membership engagement reference group.

The chairman takes steps to ensure that governors have the skills and knowledge they require to undertake their role. This includes access to a comprehensive induction process

and development training events.

Elections

A notice of election was published in August 2019 for four public seats in the Purbeck, East Dorset and Christchurch constituency (1) and Poole constituency (3) and for 2 staff governors with a three year term of office.

- The election for the public seat closed on 9 September 2019 and Patricia Scott for the Poole constituency was elected unopposed. Joy Johnson for the clinical staff constituency was elected unopposed

A notice of election was published in September 2019 for 4 public seats in the Purbeck, East Dorset and Christchurch constituency (2), Poole constituency (2), and for 1 staff governor.

- The elections closed on 7 October 2019 and Christine Cooney and Diane James were elected unopposed for the Poole constituency. Marie Cleary was elected unopposed for the non-clinical staff constituency.

All elections were held in accordance with the election rules set out in the trust's constitution.

Governor expenses

During the period of 2019/20, ten governors claimed expenses for mileage and related car parking charges to attend meetings or training events both locally and nationally, totalling £1,620.69.

Wherever possible governors will car share when attending events in the region.

COUNCIL OF GOVERNORS 2019/20 ATTENDANCE REGISTER AND TERMS OF OFFICE

Name	Constituency	Type of Membership	Appointment Date	Appointment Expires	Meeting Dates			
					25 April 2019	1 August 2019	31 October 2019	30 January 2020
Mr David Moss	Chairman of the Council of Governors	n/a	n/a	n/a	✓	✓	x	✓
Mr David Barnett	Clinical staff	Elected 3 years	01.11.18	31.10.21	✓	✓	✓	✓
Mrs Shirley Brooks	Poole	Elected 3 years	01.11.18	31.10.21	✓	x	x	✓
Mr Robert Bufton	Poole	Elected 3 years	01.04.19	31.03.22	✓	✓	✓	✓
Mr Roger Burbidge	Volunteers Group	Appointed 3 years	01.04.19	31.03.22	✓	✓	✓	✓
AVM Geoffrey Carleton	Purbeck, East Dorset and Christchurch	Elected 3 years	01.05.09 01.11.12 01.11.16	30.04.12 31.10.15 31.10.19	✓	✓	✓	
Mrs Marie Cleary	Non-clinical staff	Elected 3 years	08.10.19	07.10.22			x	✓
Mrs Sharon Collett	Bournemouth	Elected 3 years	01.04.19	31.03.22	✓	✓	✓	✓
Mrs Virginia Collings	Purbeck, East Dorset and Christchurch	Elected 3 years	01.11.18	31.10.21 resigned October 2019	x	x		
Mrs Christine Cooney	Poole	Elected 3 years	01.11.16 01.11.19	31.10.19 31.10.22	✓	✓	✓	✓
Mr Peter Coghlan	Poole	Elected 3 years	01.11.18	31.10.21 resigned June 2019	✓			
Mr Gary Grindrod	Non-clinical staff	Elected 3 years	01.09.2018	30.08.21 resigned May 2019	x			
Mr Steve Heath	Poole	Elected 3 years	01.11.18	31.10.21	✓	✓	✓	✓
Mrs Diane James	Poole	Elected 3 years	18.11.19	17.11.22				✓
Miss Joy Johnson	Clinical staff	Elected 3 years	01.11.19	31.10.22				✓
Mrs Carole Light	Purbeck, East Dorset and Christchurch	Elected 3 years	01.11.18	31.10.21	✓	x	✓	✓
Mrs Cathy Lugg	Dorset Council	Appointed 3 years	05.07.19	04.07.22		x	✓	✓
Dr Andrew McLeod	Poole	Elected 3 years	01.11.18	31.10.21	✓	✓	✓	✓
Mjr James Myles	North and West Dorset, Weymouth, Portland and rest	Elected 3 years	01.11.15 01.11.18	31.10.18 31.10.21	✓	x	✓	✓

Name	Constituency	Type of Membership	Appointment Date	Appointment Expires	Meeting Dates			
					25 April 2019	1 August 2019	31 October 2019	30 January 2020
	of England							
Mr Richard Negus	Poole	Elected 3 years	01.11.15 01.11.18	31.10.18 31.10.21	✓	✓	✓	✓
Mrs Linda Nother	Poole	Elected 3 years	01.11.13, 01.11.16	31.10.19	✓	✓	✓	
Ms Lucinda Parker	Clinical – Staff	Elected 3 years	01.11.16	31.10.19	✓	✓	✓	
Mr Allan Petrie	Bournemouth	Elected 3 years	01.11.18	31.10.21	✓	✓	✓	✓
Prof Keith Phalp	Bournemouth University	Appointed 3 years	01.04.19	31.03.22	x	x	✓	✓
Dr David Richardson	Dorset Clinical Commissioning Group	Appointed 3 years	09.10.15		✓	x	✓	✓
Mrs Patricia Scott	Poole	Elected 3 years	01.11.19	31.10.22				✓
Mr Gary Smith	Clinical – Staff	Elected 3 years	01.04.19	31.03.22	✓	x	x	✓
Cllr Ann Stribley	Bournemouth, Christchurch & Poole Council	Appointed 3 years	27.06.11, 27.06.14 26.06.17	25.06.20	✓	✓	x	✓

No. of Public Governors attending	13	9	11	12
No. of Appointed Governors attending	3	2	4	5
No. of Staff governors attending	3	2	2	4
Was the meeting quorate? Y/N	Y	Y	Y	Y

BOARD MEMBER ATTENDANCE AT THE COUNCIL OF GOVERNORS 2019/20

	25 April 2019	1 August 2019	31 October 2019	30 January 2020
DEBBIE FLEMING Chief executive	✓	x	✓	✓
PHILIP GREEN Non-executive director	x	x	x	X
JACQUELINE COTGROVE Director of workforce & organisational development	✓	x	x	X
CALUM MCARTHUR Non-executive director	x	x	x	X
STEPHEN MOUNT Non-executive director	x	x	x	X
MARK MOULD Chief operating officer	✓	✓	x	X
MARK ORCHARD Director of finance	✓	✓		
PETE PAPWORTH Joint Interim director of finance			x	✓
PATRICIA REID Director of nursing	✓	✓	✓	✓
MATT THOMAS Acting medical director				✓
CAROLINE TAPSTER Non-executive director	x	x	x	X
DAVID WALDEN Non-executive director	x	x	x	x
ANGUS WOOD Medical director	x	x	x	
NICK ZIEBLAND Non-executive director	✓	x	✓	✓

3.11 NOMINATIONS, REMUNERATION AND EVALUATION COMMITTEE (NREC)

The council of governors is required to establish a committee consisting of all or some of its members to assist in carrying out the specified functions relating to the appointment of the chair and non-executive directors; the review of the structure, composition and performance of the board; and the remuneration of the chairman and non-executive directors. The committee is chaired by the trust chairman, and comprises two public members, one appointed member, and one staff member. Members during 2019/20 were the trust chairman and:

- Linda Nother (elected public governor, Poole) until 31/10/19
- Ann Stribley (appointed governor, Bournemouth, Christchurch and Poole

Council)
- Christine Cooney (elected public governor)
- Lucy Parker (elected staff governor) until 31/10/19
- Marie Cleary (elected staff governor) from 01/11/19
- Sharon Collett (elected public governor) from 01/11/19

Business for the committee during 2019/20

On 25 April 2019 the committee considered:

- Annual report of the work of the Nominations, Remuneration and Evaluation Committee
- Remuneration and allowances of chairman and non-executive directors
- Recommendation to council to approve an extension to a non-executive director's tenure
- Absent governor

On 1 August 2019 the committee considered:

- Standard Operating Procedure: Directors' Appointments, Removals and Changes to Roles
- 2018/19 annual appraisal of chairman and non-executive directors
- Recommendation to council on the remuneration and allowances of chairman and non-executive directors
- Absent governor

On 31 October 2019 the committee considered:

- Governance cycle
- Absent governor
- Non-executive director appointments to the Shadow Interim Board

On 30 January 2020 the committee considered:

- The process of performance evaluation for the chairman and non-executive directors for 2019/20
- Absent governor.

During 2019/20, on the recommendation of the NREC, the council of governors approved:

- The extension to the tenure of a non-executive director (N Ziebland)
- The remuneration and allowances of the chairman and non-executive directors
- The outcome of the 2018/19 chairman and non-executive director appraisal
- The process of performance evaluation for the chairman and non-executive directors for 2019/20.

3.11 NOMINATIONS, REMUNERATION & EVALUATIONS COMMITTEE ATTENDANCE 2019/20

Name	Constituency	Meeting Dates			
		25 April 2019	1 August 2019	31 October 2019	30 January 2020
Mr David Moss	Trust Chairman	✓	✓	x	✓
Mrs Linda Nother	Poole	✓	✓	✓	
Mrs Lucy Parker	Clinical staff	✓	✓	✓	
Mrs Marie Cleary	Non-clinical staff				✓
Cllr Ann Stribley	Bournemouth, Christchurch and Poole Council	✓	✓	x	X
Mrs Sharon Collett	Bournemouth			✓	✓
Mrs Christine Cooney	Poole	✓	✓	✓	✓
In attendance					
Mr Nick Ziebland	Senior independent director	x	✓	✓	X
Mrs Jacqueline Cotgrove	Director of Workforce & OD	x	x	x	x
Was the meeting quorate? Y/N		**Y**	**Y**	**Y**	**Y**

3.12 MEMBERSHIP

Poole Hospital NHS Foundation Trust has a public constituency and a staff constituency. The public constituency has four classes. These are based on geographical areas that reflect our general, emergency and specialist service catchment areas; local government boundaries; and population numbers. They are:

- Poole
- Purbeck, East Dorset and Christchurch
- Bournemouth
- North Dorset, West Dorset, Weymouth and Portland (including the rest of England)

The staff constituency is divided into two classes: clinical and non-clinical.

Anyone aged 12 and over who lives in England and is not employed by Poole Hospital can become a public member.

The council's Membership Engagement and Recruitment Group have agreed a year-end target of 6,700 members for 2019/20. At 31 March 2020 the trust had 6,747 public members. Governors are targeting recruitment to achieve a sign up of new members of 100 per quarter to achieve this target and will continue to work with the local college to promote membership to younger people.

The staff and public members total was 12,243. All staff and volunteers are members of the Trust automatically unless they choose to opt out.

The membership broadly reflects the populations the trust serves in terms of diversity. However, as may be expected given the demographics of the local area, the trust has proportionally slightly more members in the women and older age groups.

A breakdown by constituency is provided here for information.

Public constituency	
Poole	3374
Purbeck, East Dorset and Christchurch	1849
Bournemouth	1104
North and West Dorset, Weymouth, Portland and rest of England	418
Out of Trust area	2
	6747

Staff constituency	
Clinical	4130
Non-clinical (including volunteers)	1356
Total	**5496**

Membership development strategy

The main aim of the trust's membership development strategy is to:

- have a meaningful membership that is interested in the future of the trust and is representative of the community we serve
- ensure that members have a say in helping us develop the future quality and type of services provided
- use our membership base to strengthen our links with the community and all stakeholders.

In line with the strategy, the major membership activity has concentrated on the following areas:

- increasing governor participation in the recruitment and engagement of member
- organising membership events to increase opportunities for membership engagement and participation
- working to increase overall public membership number in line with agreed annual targets
- working to grow a representative membership.

Governors attended a number of public events and venues, including:

- Bournemouth University Fresher's Fair

- Castlepoint
- Poole Central Library
- Residents Association AGM
- Mudeford Arts Festival
- Open day at the Royal Bournemouth and Christchurch Hospital's NHS Foundation Trust
- Listening event at Westbourne Arcade

Elected governors listen to and represent the opinion of the Trust members on a whole range of issues including the objectives, priorities and strategy within the Trust's forward plan. The listening takes place, throughout the year, on an informal basis with one to one governor member contact, clinical presentation events, focussed member event, a range of membership recruitment opportunities and the Trust's annual members' meeting. The governors are given the opportunity to communicate those opinions expressed by members directly or via the council's membership engagement and recruitment group or the council's future plans and priorities group to the council of governors.

Appointed governors are able to present the views of their appointing bodies on the objectives, priorities and strategy within the Trust's forward plan directly or via the council's future plans and priorities group to the council of governors.

The council reserves time in its future plans and priorities group and at formal council of governor meetings governance cycles to pay particular attention to the Trust's forward plan. Those views expressed to the council of governors are communicated to the board of directors via the annual planning processes.

The membership engagement and recruitment reference group of the council of governors had four meetings during the year. The group is chaired by a governor and is supported by the company secretary team.

The trust held its annual members' meeting on 12 September 2019. Members were invited via Connect. The event was publicised on our website, on our members' Facebook page and throughout the hospital. The event was well attended with presentations on celebrating 50 years of Poole Hospital, the annual report and accounts and a clinical presentation covering an orthopaedic perspective on diabetic foot disease and innovations in orthopaedic services.

The trust newsletter "Connect", is published three to four times a year and as well as informing members of a range of activities and events taking place a column is provided for governors to give an overview of their role. This gives the governors an opportunity to highlight the relevance of their role and to encourage membership engagement with the trust.

The trust held clinical presentations arranged to give the governors an overview of a particular service and to gain a broader understanding of the work of the trust.

The staff governors are available via email whereby staff members can express views on services and developments within the hospital. This is then anonymously fed back to the chairman and chief executive of the trust.

Members may contact the council of governors through the membership office by telephone 01202 448723, in writing, by email members.contact@poole.nhs.uk or via our website www.poole.nhs.uk.These details are publicised in "Connect", on membership application forms and on our website.

3.13 CODE OF GOVERNANCE COMPLIANCE STATEMENT 2019/20

Monitor, now NHS Improvement, the independent regulator of NHS foundation trusts, has produced a code of governance, which consists of a set of principles and provisions which may be viewed on NHS Improvement's website:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/327068/CodeofGovernanceJuly2014.pdf

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

NHS foundation trusts are required to provide a specific set of disclosures to meet the requirements of the *NHS Foundation Trust Code of Governance*, which should be submitted as part of the Annual Report (as referenced in the *NHS Foundation Trust Annual Reporting Manual*). The relevant provisions and disclosures are set out here and include;

1. Provisions A.2.2, A 5.10, A.5.11, A.5.12, A.5.13, A.5.14, A.5.15, B.2.11, B.2.12, B.2.13, B.4.3, B.5.8, B.7.3, B.7.4, B.7.5, D.2.4, E.1.7 and E.1.8 are statutory requirements with which the trust must comply. There is no requirement to report on these provisions but the trust confirms that it is compliant with all the statutory requirements as identified in these provisions from the code of governance.

2. Provisions as set out in A below require a supporting explanation, even in the case that the trust is compliant with the provision.

3. Provisions A.1.3, B.1.4, B.2.10, B.3.2, C.3.2, D.2.1, E.1.1 and E.1.4 require the relevant information to be made publicly available. Poole Hospital Foundation Trust can confirm that all the relevant information has been made publicly available and it is compliant with all the requirements of these provisions from the code of governance. Some of the information is available on request and some is made available on the trust's website.

4. Provision B.7.1 requires that the governors of the trust have been given all relevant information in line with the code provisions. The trust confirms that all governors of the trust have been provided with relevant information and it is compliant with all the requirements of this provision from the code of governance.

5. Provision B.7.2 requires that the members of Poole Hospital Foundation Trust have been given relevant information in line with the code. The trust can confirm that the members have been provided will all relevant information and it is compliant with all the requirements of this provision from the code of governance.

6. Provisions as set out in B below require an explanation if the trust has departed from them.

7. Provisions as set out in C below require an explanation as the trust partially meets or does not meet the requirements of the listed provisions from the code of governance.

A. The provisions requiring a supporting explanation are listed below, even in the case that the trust is compliant with the provision. Where the information is already contained within the annual report, a reference to its location has been supplied.

Relevant statutory requirements		**Compliance Y/N**	**Evidence or Non Compliance Explanation**
A.1.1.	The board of directors should meet sufficiently regularly to discharge its duties effectively. There should be a schedule of matters specifically reserved for its decision. The schedule of matters reserved for the board of directors should include a clear statement detailing the roles and responsibilities of the council of governors (as described in A.5). This statement should also describe how any disagreements between the council of governors and the board of directors will be resolved. The annual report should include this schedule of matters or a summary statement of how the board of directors and the council of governors operate, including a summary of the types of decisions to be taken by each of the boards and which are delegated to the executive management of the board of directors. These arrangements should be kept under review at least annually.	YES	All in place: • Disagreement statement- page 28 • Summary of decisions- page 28 • Board responsibility/ operating/ statement- page 28 • Decision statement- page 28
A.1.2.	The annual report should identify the chairperson, the deputy chairperson (where there is one), the chief executive, the senior independent directors (see A.4.1) and the chairperson and members of the nominations, audit and remuneration committees. It should also set out the number of meetings of the board and those committees and individual attendance by directors.	YES	Meetings and attendance registers- Pages 35-36, 38-39, 39-40, 40-41, 41-42.

Relevant statutory requirements		Compliance Y/N	Evidence or Non Compliance Explanation
A.5.3.	The annual report should identify the members of the council of governors, including a description of the constituency or organisation that they represent, whether they were elected or appointed, and the duration of their appointments. The annual report should also identify the nominated lead governor. A record should be kept of the number of meetings of the council and the attendance of individual governors and it should be made available to members on request.	YES	Council of Governors and supporting details- pages 42-46
B.1.1.	The board of directors should identify in the annual report each non-executive director it considers to be independent, with reasons where necessary.	YES	Board of Directors- pages 34-35
B.1.4.	The board of directors should include in its annual report a description of each director's skills, expertise and experience. Alongside this, in the annual report, the board should make a clear statement about its own balance, completeness and appropriateness to the requirements of the NHS foundation trust.	YES	Director's skills, expertise and experience- pages 30-34 Statement on balance, completeness and appropriateness- page 28
B.2.10.	A separate section of the annual report should describe the work of the nominations committee(s), including the process it has used in relation to board appointments.	YES	NREC Committee- pages 47-49 Appointments Committee – page 42
B.3.1.	A chairperson's other significant commitments should be disclosed to the council of governors before appointment and included in the annual report. Changes to such commitments should be reported to the council of governors as they arise, and included in the next annual report.	YES	The chairman is a joint interim appointment of this trust and the Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust.

Relevant statutory requirements		Compliance Y/N	Evidence or Non Compliance Explanation
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.	YES	Membership section - page 49-51
B.6.1.	The board of directors should state in the annual report how performance evaluation of the board, its committees, and its directors, including the chairperson, has been conducted.	YES	Evaluation of the Board- page 29
B.6.2.	Where an external facilitator is used for reviews of governance, they should be identified and a statement made as to whether they have any other connection with the trust.	YES	N/A Would do so in any event
C.1.1.	The directors should 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. There should be a statement by the external auditor about their reporting responsibilities. Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report).	YES	Director's Statement- page 77 Auditor's Statement- pages 37-38 Annual Governance Statement - pages 78-86

Relevant statutory requirements		Compliance Y/N	Evidence or Non Compliance Explanation
C.2.1.	The annual report should contain a statement that the board has conducted a review of the effectiveness of its system of internal controls.	YES	Page 37
C.2.2.	A trust should disclose in the annual report: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	YES	Page 37
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.	YES	N/A Would do so in the event.

Relevant statutory requirements		Compliance Y/N	Evidence or Non Compliance Explanation
C.3.9.	A separate section of the annual report should describe the work of the audit committee in discharging its responsibilities. The report should include: • the significant issues that the committee considered in relation to financial statements, operations and compliance, and how these issues were addressed; • an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, the value of external audit services and information on the length of tenure of the current audit firm and when a tender was last conducted; and • if the external auditor provides non-audit services, the value of the non-audit services provided and an explanation of how auditor objectivity and independence are safeguarded.	YES	Audit Committee- pages 37-39
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.	YES	Currently N/A Refer to Remuneration Committee Terms of Reference. (director of workforce and organisational development)
E.1.4	Contact procedures for members who wish to communicate with governors and/or directors should be made clearly available to members on the NHS foundation trust's website.	YES	Contact processes on website, connect newsletter and within the annual report.

Relevant statutory requirements		Compliance Y/N	Evidence or Non Compliance Explanation
E.1.5	The board of directors should state in the annual report the steps they have taken to ensure that the members of the board, and in particular the non-executive directors, develop an understanding of the views of governors and members about the NHS foundation trust, for example through attendance at meetings of the council of governors, direct face to face contact, surveys of members' opinions and consultations.	YES	Board engagement with council of governors policy statement- page 29
E.1.6.	The board of directors should monitor how representative the NHS foundation trust's membership is and the level and effectiveness of member engagement and report on this in the annual report.	YES	Member engagement- pages 49-51

B. Departure from the code: The code requires that the provisions A.1.4, A.1.5, A.1.6, A.1.7, A.1.8, A.1.9, A.1.10, A.3.1, A.4.1, A.4.2, A.4.3, A.5.1, A.5.2, A.5.4, A.5.5, A.5.6, A.5.7, A.5.8, A.5.9, B.1.2, B.1.3, B.2.1, B.2.2, B.2.3, B.2.4, B.2.5, B.2.6, B.2.7, B.2.8, B.2.9, B.3.3, B.5.1, B.5.2, B.5.3, B.5.4, B.6.3, B.6.4, B.6.5, B.6.6, B.8.1, C.1.2, C.1.3, C.1.4, C.3.1, C.3.3, C.3.6, C.3.7, C.3.8, D.1.1, D.1.2, D.1.4, D.2.2, D.2.3, E.1.2, E.1.3, E.2.1 and E.2.2 require an explanation if the trust has departed from the code. There have been no departures from the code.

C. Areas of Non Compliance with the code

1) Explanation Re: Provisions; the board considers the trust has met the provisions of the code.

Signature: 

Debbie Fleming, Chief Executive

Date: 24/6/2020

4. Remuneration report

4.1 Annual Statement of Remuneration

Major decisions on senior managers' remuneration and terms of service, including salary arrangements for newly appointed directors, changes to individual remuneration arrangements and amendments to salary ranges are made by the Trust's Remuneration Committee.

The Remuneration Committee reviews the remuneration arrangements for Executive Directors. It is made up of the Chairman of the Board of Directors and all the Non-executive Directors of the Board.

The Director of Workforce and Organisational Development attends except when his/her own performance and/or salary are discussed. The Chief Executive attends to provide advice on issues concerning the performance of Directors and salary ranges, except when his/her own performance and/or salary are discussed.

During 2019/20, the Remuneration Committee met to agree the following:

- On 28 August 2019 to approve the minutes of the last meeting, to consider the remuneration of the Joint Interim Director of Finance, consider the Standard Operating Procedure for directors' appointments, removals and changes of role, to consider the report of the chief executive on the performance of executive directors in 2018/19 and, consider the report of the chairman on the performance of the chief executive in 2018/19.
- Between the 5 and 6th February 2020 to approve the 2019/20 recommended annual pay increase for very senior managers.

The tables on pages 65-66 provide details on the salaries and entitlements received by all Directors and incorporate the changes listed above. Further information on the context for changes that took place during the year is provided in the notes to those tables.

Further detail on attendance at the Remuneration Committee during 2019/20 is outlined in the table on page 63

Signature: 

Debbie Fleming, Chief Executive
Date: 24/6/2020

Signature: 

David Moss, Chairman
Date: 24/6/2020

4.2 Senior Manager's remuneration policy

All Executive Directors are employed on a Trust contract. Directors' remuneration packages do not include any additional components other than salary and entitlement to be part of the standard NHS pension scheme.

Executive Directors' remuneration is managed through a process of objective setting and annual appraisals. Salaries are reviewed by the Trust's remuneration committee following the executive appraisal cycle. Where a senior manager receives more than £142,500 the trust satisfies itself that this remuneration is reasonable by reference to NHS Providers benchmarking data on Executive Directors' remuneration. The trust does not consult with employees with regard to senior managers' remuneration policy.

Executive salary is determined upon appointment in line with NHS very senior manager guidelines and/or professional pay scales and benchmarking across the NHS. It is reviewed annually by the Trust's Remuneration Committee.

All operational practice is in line with employment contracts and aligned to annual plan and delivery.

Service contract obligations

Executive Director contracts do not contain Service obligations which could give rise to or impact on remuneration payments or loss of office.

Payments for loss of office

The Remuneration Committee, with regard to HM Treasury guidance, if appropriate, would agree termination payments. Payments for loss of office for executive directors would be made in line with national NHS Policy. The Trust does not have a local policy for payments for loss of office for Directors.

Notice periods for Executive Directors are set in line with national NHS guidelines.

Consideration of general terms

Pay levels are determined by salary surveys conducted by independent consultants and comparisons with salary scales for similar posts in other NHS organisations, and from information provided by NHS Providers.

Senior managers' contracts

All Executive Directors employed during 2019/20 were employed on a substantive (permanent) basis. (More details are available in the notes to the table on page 65). More information on the appointment dates for senior managers can be found in the Board of Directors section from page 30.

Directors' substantive contracts carry a six-month notice period.

Benefits policies

Accounting policies for pensions and other retirement benefits are set out in the notes to the accounts and details of senior employees' remuneration can be found on page 65-66.

Expenses paid to Governors and Directors

With regards to expenses paid to Governors, this information is included on page 44 of the annual report.

Non-executive directors

Non-Executive Director remuneration is set out in the salary and pensions entitlements' table; decisions on Non-Executive Director remuneration are made by the Council of Governors, advised by the nominations, remuneration and evaluation committee (see from page 47 for more details).

Off payroll arrangements: None

4.3 REMUNERATION COMMITTEE

The remuneration committee reviews the remuneration arrangements for executive directors. It is made up of the chairman of the board of directors and all the non-executive directors of the board. The director of workforce and organisational development attends except when his/her own performance and/or salary is discussed. The chief executive attends only to provide advices on issues concerning the performance of executive directors and salary ranges, except when his/her own performance and/or salary is discussed.

The remuneration committee met on 28 August 2019 to approve the minutes of the last meeting, to consider the remuneration of the Joint Interim Director of Finance, consider the Standard Operating Procedure for directors' appointments, removals and changes of role, to consider the report of the chief executive on the performance of executive directors in 2018/19 and, consider the report of the chairman on the performance of the chief executive in 2018/19. Between the 5 and 6th February 2020 to approve the 2019/20 recommended annual pay increase for very senior managers.

NAME OF COMMITTEE:	**REMUNERATION COMMITTEE**	
REPORTS TO :	**BOARD OF DIRECTORS**	
Membership **(all non-executive directors as per terms of reference)**	**MEETING DATES**	
	28 August 2019	**5-6 February 2020****
David Moss, chairman	x	✓
Philip Green, non-executive director	✓	x
Stephen Mount, non-executive director	✓	x
Calum McArthur, non-executive director	✓	x
Caroline Tapster, non-executive director	✓	✓
David Walden, non-executive director	✓	✓
Nick Ziebland, non-executive director	✓	✓
Debbie Fleming, chief executive *	✓	x
Jacqueline Cotgrove, director of workforce and organisational development*	✓	x

Was the meeting quorate? Y / N	**Y**	**Y**	

***** *left the meeting for items relating to their performance and pay.*
*** Electronically facilitated meeting.*

4.4 Remuneration report – fair pay multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director at Poole Hospital NHS Foundation Trust in the financial year 2019/20 was £195,000-£200,000 gross excluding salary recharge to another Trust (£100,000-£105,000) (2018/19 £195,000-£200,000). This was 7.1 times (2018/19 7.3 times) the median remuneration of the workforce which was £28,243 (2018/19 £27,146) (whole time equivalent). No employee received remuneration in excess of the highest paid director.

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

The median pay calculation is based on:

- Payments made to staff in post on 31 March 2020
- The reported salary used to estimate the median pay is the gross cost to the Trust, less employers Pension and employers Social Security costs. The reported annual salary for each whole time equivalent has been estimated by using contracted values.
- Payments made in March 2020 to staff who were part-time were pro-rated to a whole time equivalent salary.

Included in the calculation is an estimated average cost for agency staff. All agency staff expenditure is processed through dedicated account codes on the financial system. The total expenditure at 31st March 2020 on these codes was used to estimate an average salary. This was calculated by dividing the total expenditure by the estimated number of agency staff used during the year. There has been no deduction made for agency fees for the provision of these staff.

The median salary has been calculated as the middle salary if salaries were ranked in ascending order, and equates to £28,243 (2018/2019 £27,146).

The higher paid director is excluded for the median pay calculation.

Signature 

Debbie Fleming, Chief Executive

Date: 24/6/202

Salary and pension details

Salary and pension entitlements of senior managers

Remuneration (a) (b) (c) (d) (e) (f)

Name and Title	2019-20						2018-19					
	Salary and Fees	Taxable Benefits	Annual Performance Related Bonuses	Long Term Performance Related Bonuses	Pension Related Benefits	Total	Salary	Taxable Benefits	Annual Performance Related Bonuses	Long Term Performance Related Bonuses	Pension Related Benefits	Total
	£000, Bands of £5k	£, to the nearest £100	£000, Bands of £5k	£000, Bands of £5k	£000, Bands of £2.5k	£000, Bands of £5k	£000, Bands of £5k	£, to the nearest £100	£000, Bands of £5k	£000, Bands of £5k	£000, Bands of £2.5k	£000, Bands of £5k
Mrs. Debbie Fleming - Interim Joint Chief Executive (Note 1)	100-105	-	-	-	N/A	**100-105**	155-160	-	-	-	N/A	**155-160**
Mr. Mark Orchard - Director of Finance (Note 2)	65-70	-	-	-	67.5-70	**130-135**	130-135	-	-	-	27.5-30	**160-165**
Mr. Pete Papworth - Interim Joint Director of Finance (Note 3)	35-40	-	-	-	N/A	**35-40**	N/A	N/A	N/A	N/A	N/A	**N/A**
Mr. Mark Mould - Chief Operating Officer/ Deputy Chief Executive	130-135	-	-	-	7.5-10	**140-145**	130-135	-	-	-	15-17.5	**145-150**
Mrs. Patricia Reid - Director of Nursing	125-130	-	-	-	0	**125-130**	125-130	-	-	-	7.5-10	**135-140**
Mr. Angus Wood - Medical Director (Note 4)	125-130	-	-	-	32.5-35	**160-165**	165-170	-	-	-	385-387.5	**550-555**
Mr. Matt Thomas - Medical Director (Note 5)	40-45	-	-	-	N/A	**40-45**	N/A	N/A	N/A	N/A	N/A	**N/A**
Mrs. Jacqueline Cotgrove - Director of Organisational Development and Workforce	80-85	-	-	-	0	**80-85**	80-85	-	-	-	7.5-10	**90-95**
Mr. Peter Gill - Director of Informatics (Note 6)	60-65	-	-	-	42.5-45	**105-110**	50-55	-	-	-	10-12.5	**60-65**
Mr. David Moss - Interim Joint Chairperson (Note 7)	25-30	-	-	-	N/A	**25-30**	5-10	-	-	-	N/A	**5-10**
Dr. Calum McArthur - Non Executive Director	10-15	-	-	-	N/A	**10-15**	10-15	-	-	-	N/A	**10-15**
Mr. Nick Ziebland - Non Executive Director	15-20	-	-	-	N/A	**15-20**	15-20	-	-	-	N/A	**15-20**
Mr. Philip Green - Non Executive Director	15-20	-	-	-	N/A	**15-20**	15-20	-	-	-	N/A	**15-20**
Mrs. Caroline Tapster - Non Executive Director	10-15	-	-	-	N/A	**10-15**	10-15	-	-	-	N/A	**10-15**
Mr. David Walden - Non Executive Director	10-15	-	-	-	N/A	**10-15**	10-15	-	-	-	N/A	**10-15**
Mr. Stephen Mount - Non Executive Director	15-20	-	-	-	N/A	**15-20**	15-20	-	-	-	N/A	**15-20**

Note 1. Mrs Debbie Fleming is Interim Joint Chief Executive with The Royal Bournemouth and Christchurch Hospital NHS Foundation Trust (RBCH). Poole's share of Mrs Fleming's costs have been included in the pay banding's above.
Note 2. Mr Mark Orchard's tenure ended on 30th September 2019.
Note 3. Mr Pete Papworth was appointed Interim Joint Director of Finance with The Royal Bournemouth and Christchurch Hospital NHS Foundation Trust (RBCH) on 1st October 2019. Poole's share of Mr Papworth's costs have therefore been included from this date.
Note 4. Mr Angus Wood's tenure ended 31st December 2019. The proportion of clinical time was calculated as 29%.
Note 5. Mr Matt Thomas was appointed Medical Director on 1st January 2020. The proportion of Clinical Time was calculated at 67%.
Note 6. Mr Peter Gill is a joint appointment with The Royal Bournemouth and Christchurch Hospital NHS Foundation Trust (RBCH). Poole's share of Mr Gill's costs are included in the pay bandings above.
Note 7. Mr David Moss is Interim Joint Chairperson with The Royal Bournemouth and Christchurch Hospital NHS Foundation Trust (RBCH). Poole's share of Mr Moss' costs have therefore been included in the pay bandings above.

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contribution made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

Salary and Pension entitlements of senior managers

Pension Benefits	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Name and title	**Real increase in pension at pension age**	**Real increase in pension lump sum at pension age**	**Total accrued pension at pension age at 31 March 2020**	**Lump sum at pension age related to accrued pension at 31 March 2020**	**Cash Equivalent Transfer Value at 1 April 2019**	**Real Increase in Cash Equivalent Transfer Value**	**Cash Equivalent Transfer Value at 31 March 2020**	**Employer's contribution to stakeholder pension**
	(bands of £2500) £000	**(bands of £2500) £000**	**(bands of £5000) £000**	**(bands of £5000) £000**	**£000**	**£000**	**£000**	**£000**
Mrs. Debbie Fleming- Interim Joint Chief Executive (see Note 1)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mr. Mark Orchard- Director of Finance	2.5-5	2.5-5	40-45	80-85	572	62	634	n/a
Mr. Pete Papworth - Interim Joint Director of Finance (Note 2)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mr. Mark Mould- Chief Operating Officer	0-2.5	0	50-55	120-125	970	35	1,005	n/a
Mrs. Patricia Reid- Director of Nursing (See Note 3)	0-2.5	0-2.5	35-40	105-110	n/a	n/a	n/a	n/a
Mr. Angus Wood - Medical Director	0-2.5	5-7.5	80-85	245-250	1,915	101	2,016	n/a
Mr. Matt Thomas - Medical Director	n/a	n/a	60-65	160-165	1,231	65	1,297	n/a
Mrs. Jacqueline Cotgrove- Director of Organisational Development and Workforce	0-2.5	0	35-40	105-110	829	22	851	n/a
Mr. Peter Gill - Director of Informatics (see Note 4)	0-2.5	2.5-5	20-25	45-50	348	47	394	n/a

Note 1. Mrs Debbie Fleming is not a member of the NHS pension scheme.
Note 2. Mr Pete Papworth is not a member of the NHS pension scheme.
Note 3. There is no CETV for the current year as the postholder is over the normal retirement age therefore CETV is not applicable.
Note 4. Mr Peter Gill is a joint appointment with RBCH and therefore only Poole's share of Mr Gill's costs have been included above.

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

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

5. STAFF REPORT

5.1 NATIONAL NHS STAFF SURVEY 2019 FINDINGS

The full census survey resulted in 1707 staff taking part securing a 43% response rate which is 4% lower than average for acute trusts in England.

Results, in the format of eleven themes on a scale of 1 to 10, show relatively consistent scoring, in comparison to 2018 results, with the trust performing better in seven areas when compared with the comparator group of other acute trusts in England and equal in a further two themes.

National NHS Staff Survey Theme (scored 1 to 10)	Poole Score 2019	Poole Score 2018	Change from 2018 to 2019	National 2019 (average for acute trusts)	Poole 2019 score difference
Equality, diversity and inclusion	9.2	9.3	-0.1	9.0	+ 0.2
Health and wellbeing	6.0	6.1	-0.1	5.9	+ 0.1
Immediate managers	7.0	6.8	+0.2	6.8	+ 0.2
Morale	6.3	6.3	No change	6.1	+ 0.2
Quality of appraisals	5.4	5.2	+0.2	5.6	- 0.2
Quality of care	7.4	7.3	+0.1	7.5	- 0.1
Safe environment - Bullying harassment	8.0	8.2	-0.2	7.9	+0.1
Safe environment – Violence	9.4	9.4	No change	9.4	Equal
Safety culture	6.7	6.7	No change	6.7	Equal
Staff engagement	7.2	7.1	-0.1	7.0	+0.2
Team working	6.7	6.6	-0.1	6.6	+0.1

Measuring progress

The national results and benchmarking reports have been made available to all staff and reported both internally and externally.

The trust has again commissioned Quality Health, the survey provider, to provide additional question level results by departments in ‘heat map’ format. This information will be available to the over departments where at least 11 staff participated in the survey: enabling actions to take place which respond directly to results at a local level.

The trust wide Staff Survey action plan which follows the results is supported by local staff survey response activity. This work will continue to feature within the Quarterly Performance Review process, enabling discussion with executive board members.

5.2 NHS STAFF FRIENDS AND FAMILY TEST 2019/20

The Staff Friends and Family Test encourages staff and volunteers to give their views through a survey in quarters 1, 2 and 4 and in the Staff Survey in Q3.The questions asked are: 'How likely are you to recommend Poole Hospital NHS Foundation Trust to family and friends if they need care and treatment?' and 'How likely are you to recommend Poole Hospital NHS Foundation Trust to family and friends as a place to work?'

The Trust continued to be consistently higher for Care than the national average in Q1, Q2 and Q3 and was above average for Work in Q3. Q4 national comparative results.

Summary of Staff Friends and Family Results 2019/20

Question 1 How likely are you to recommend the Trust to friends and family if they needed care or treatment?	Trust Quarter 1	National Quarter 1	Trust Quarter 2	National Quarter 2	Quarter 3 – Staff Survey : 78.2% for Care and 68.5% for Work*	Trust Quarter 4	National Quarter 4
Positive Score	85%	81%	84%	81%		83%	TBC
Negative Score	4%	6%	4%	6%		6%	
Question 2 How likely are you to recommend the Trust to friends and family as a place to work?	Trust Quarter 1	National Quarter 1	Trust Quarter 2	National Quarter 2		Trust Quarter 4	National Quarter 4
Positive Score	65%	66%	65%	66%		64%	
Negative Score	15%	16%	15%	16%		14%	

*The national average for Care was 70.5% and 62.5% for Work

Results are published on the NHS England website. In addition, comments made by staff when completing the survey are available to the Trust.

Staff comments made in the Friends and Family Test during 2019/20 include:

How likely are you to recommend the Trust to friends and family if they needed care or treatment?

- I am very proud of Poole Hospital, it provides great care.
- I believe we all work as hard as we can to provide the best care possible.
- I have experienced treatment here myself and it was superb.

How likely are you to recommend Poole Hospital NHS Foundation Trust to family and friends as a place to work?

- I couldn't get a better place of work than where I am. The staff are all wonderful and the job is something I love doing
- I have found it an excellent place to work.
- I've always had a good, professional experience here and share the stated (and lived) values of the trust

5.3 Equality and Diversity

Poole Hospital has a commitment to equality, diversity and inclusion as a provider of healthcare services and as an employer: an approach which is supported by the values of the Poole Approach which promote behaviours that progress the delivery of inclusive services. The Trust's values within the Poole Approach ensure equality and diversity are values which are valued and present within the workplace. This was evidenced within the 2019 National NHS Staff Survey, with an above average result for the theme of equality and diversity of 9.2.

The Trust continues to report on and progress actions for the NHS Workforce Race Equality Standard (WRES) and NHS Workforce Disability Equality Standard (WDES) and also for the Gender Pay Gap. It has arrangements to ensure that BAME (Black, Asian and minority ethnic staff) and LGBT (Lesbian, Gay, Bisexual and Transgender) staff have a voice in the trust, through membership of staff networks.

The Trust publishes staff Gender Pay Gap information, to show the difference in average earnings between male and female staff, as well as actions taken to respond to the results. The 2019 report can be seen in the Equality and Diversity section of the website or here

A fair employer

The Trust is proud to hold Disability Confident Employer status: recognising a practical commitment to fairness in our recruitment process, including the Guaranteed Interview Scheme. It also acknowledges the Trust's commitment to both employing disabled people and delivering a range of support to ensure that staff with disability are developed and retained within the trust.

Applications for employment made by disabled persons

The trust has an active commitment to both recruiting people with disability and developing and retaining staff with disability and has welcomed the introduction of the Workforce Disability Equality Standard.

A wide range of advice, guidance and other practical support is available from line managers, the human resources team, occupational health team, education team and also the staff experience lead, holding the role of workforce equality lead.

The trust holds the Disability Confident award, reflecting the trust's real and practical commitment to best practice, including a guaranteed interview, in the recruitment of people with disability.

The trust considers reasonable adjustments when a suitable applicant has a disability which may affect their ability to carry out the duties of their new role. This activity is also available for members of staff with disability. The trust works closely with the individual to identify and make reasonable adjustments to overcome the effects of the disability. The trust also works with other agencies, including Access to

Work, to ensure the carrying out of this commitment. In a rare circumstance where a member of staff may no longer be able to carry out their role due to the effects of disability after the process of considering reasonable adjustments has been carried out, the trust works to retain the talent of the member of staff by supporting the consideration of other potentially suitable roles in the trust, offering appropriate training and development.

The trust's practice in training and developing all staff takes account of any needs of individuals which arise from disability, to ensure fair access to trust programmes and the development of all staff.

5.4 Occupational Health and Employee Assistance Provider (EAP)

The Trust's occupational health provision in 2019/20 has continued through a service level contract with the Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust (RBCH). This agreement is monitored at the Trust's Workforce and OD Committee to ensure requirements are consistently met and any concerns are robustly addressed.

The service is staffed by a team of registered nurses, all with occupational health experience and a team of administrative staff. Medical expertise is provided by occupational health physicians. Amongst the services offered by occupational health are pre-employment screening, individual casework such as return to work assessments and management referrals, support for 'needlestick' (hypodermic needle) injuries, workplace assessments, Control Of Substances Hazardous to Health (COSHH) assessments and surveillance. Occupational Health team members play an active role in the trust's annual flu campaign.

Support to staff is provided through the Trust's independent employee assistance provider (EAP). The service provides staff with free, 24/7 access to a wide range of expert support and guidance. This includes a confidential counselling service, with face-to-face counselling as standard, and telephone advice and information on a wider variety of issues including debt management, legal support and family issues. Online and app services support the aim for wider access to the EAP and staff can access the enhanced website on health, work and home issues.

Provision of Information to employees on matters of concern

The trust has a communication strategy to ensure that all staff have access to information through a number of different communication channels. These include staff and team briefings, the staff bulletin and use of the intranet to publish news updates, policies and other information of relevance and interest to staff.

The trust has a Staff Partnership Forum and Local Negotiating Committee whose membership includes staff representatives, local and regional trade union representatives and working in partnership, matters of concern can be raised and addressed.

Freedom to speak up guardian

The trust has a 'Freedom to speak up guardian' whose role is to support and encourage staff across Poole and RBCH to 'speak up' if they have concerns about safety, quality and issues that have trust wide impact. This role is supported by Freedom to Speak Up Ambassadors who represent a wide variety of staff groups. Speaking up is vital to continue to improve the services that the trust delivers to patients and the working environment for staff.

5.5 Breakdown of Staff and Directors by Gender

Directors	F	M	Total
Executive Directors	3	1	4
Non-Executive Directors	1	5	6
Total	**4**	**6**	**10**

Senior Managers (>=Band 8A)	**F**	**M**	**Total**
Add Prof Scientific and Technic	19	9	28
Additional Clinical Services	1	1	2
Administrative and Clerical	31	31	62
Allied Health Professionals	20	4	24
Healthcare Scientists	8	13	21
Nursing and Midwifery Registered	51	12	63
Grand Total	**130**	**70**	**200**

Other Employees	F	M	Total
Add Prof Scientific and Technic	145	71	216
Additional Clinical Services	1124	172	1296
Administrative and Clerical	719	93	812
Allied Health Professionals	281	64	345
Estates and Ancillary	55	155	210
Healthcare Scientists	44	23	67
Medical and Dental	334	363	697
Nursing and Midwifery Registered	1260	97	1357
Students	12	2	14
Grand Total	3974	1040	5014

5.6 Staff Sickness

	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Rolling 12 Months
Poole Hospital NHSFT	**3.70%**	**3.53%**	**3.56%**	**3.83%**	**3.52%**	**3.69%**	**4.28%**	**4.22%**	**4.10%**	**4.54%**	**4.10%**	**4.79%**	**4.00%**

The Trust's out-turn for 2019-20 was 4.00% (3.73% in 2018-19). The principal causes of staff absence followed a similar pattern to the previous year: mental health conditions, followed by seasonal viral illnesses (coughs/colds/influenza) and musculo-skeletal problems. At the very end of the year the Trust started to experience the influence of Covid-19 on staff absences.

5.7 Analysis of staff costs and average staff numbers

Employee Expenses

	Group	Foundation Trust	Group	Foundation Trust
	2019/20 Total	**2019/20 Total**	2018/19 Total	2018/19 Total
	£000	**£000**	£000	£000
Salaries and wages	**146,424**	**146,424**	136,617	136,617
Social Security Costs	**14,061**	**14,061**	13,060	13,060
Apprenticeship levy	**718**	**718**	666	666
Employer contributions to NHS Pension Scheme	**17,676**	**17,676**	16,390	16,390
Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%)	**7,714**	**7,714**	0	0
Termination Payments	**0**	**0**	0	0
Agency/Contract Staff	**11,080**	**11,080**	8,847	8,847
NHS Charitable funds staff	**0**	**0**	0	0
	197,673	**197,673**	175,580	175,580

Average Number of Employees (Note 1)	Group	Foundation Trust	Group	Foundation Trust
	2019/20 Total Number	**2019/20 Total Number**	2018/19 Total Number	2018/19 Total Number
Medical and dental	**507**	**507**	448	448
Administration and estates	**679**	**679**	651	651
Healthcare assistants and other support staff	**172**	**172**	174	174
Nursing, midwifery and health visiting staff	**1,911**	**1,911**	1,767	1,767
Scientific, therapeutic and technical staff	**354**	**354**	334	334
Healthcare Scientists	**26**	**26**	33	33
Other	**365**	**365**	355	355
Total	**4,014**	**4,014**	3,762	3,762

of which 3,513 are permanent staff and 501 are other staff

Note 1. Average number of employees includes bank and agency staff numbers which are estimated based on the average equivalent cost of similar NHS staff positions. All staff numbers relate to the Foundation Trust. All staff working for the NHS Charity have contracts of employment with the Foundation Trust.

Employee Benefits

No additional benefits were paid to staff in the financial periods.

Retirements due to ill-health

During 2019/20 there were three (2018/19 three) early retirements on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £159k (2018/19 £197k). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division. This information has been supplied by NHS Pensions.

5.8 Exit packages

Staff Exit Packages (Group and Foundation Trust - see Notes a)

	2019/20								2018/19	
Exit package cost band	**Number of Compulsory Redundancies**	**Cost of Compulsory Redundancies £000**	**Number of Other Departures Agreed**	**Cost of Other Departures Agreed £000**	**Total Number of Exit Packages**	**Total Cost of Exit Packages £000**	**Number of departures where special payments have been made**	**Cost of special payment element included in Exit Packages £000**	Total Number	Total Cost (see Note a) £000
Less than £10,000	0	0	18	58	18	58	0	0	14	54
Between £10,000 and £25,000	0	0	2	35	2	35	0	0	3	32
Between £25,001 and £50,000	0	0	0	0	0	0	0	0	0	0
Between £50,001 and £100,000	0	0	0	0	0	0	0	0	0	0
Between £150,001 and £200,000	0	0	0	0	0	0	0	0	0	0
Total	0	0	20	93	20	93	0	0	17	86

Note a. - All Charity staff have contracts of employment with the Foundation Trust. There were no exit packages in the Charity Account and all the figures above relate to the Foundation Trust.

5.9 Staff policies and actions applied

Staff Policies and actions applied

The trust has a programme for reviewing and consulting on changes to staff policies prior to approval with local staff side committees. All agreed policies and any other information for staff are subject to an equalities impact assessment and are available on the trust's intranet. The trust regularly monitors workforce KPI's at a number of workforce committees to ensure that staff with disabilities or those from other protected characteristics are not disproportionately involved in formal processes.

Reporting on Time off for Trade Union Facility Time – 2018/19

Table 1

Total number of trust employees who were relevant union officials during the relevant period (1 April 2018 to 31 March 2019)

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
13	10.02 wte

Table 2

Percentage of time spent on facility time for each relevant union representative

Number of trust employees who were relevant union officials employed during the relevant period

Percentage of time	*Number of employees*
0%	1
1-50%	11
51% - 99%	1
100%	0

Table 3

Percentage of pay bill spent on facility time

Figures and the percentage of total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period (2018/19).

Column 1	*Figures*
Total cost of facility time	£70,272
Trust total pay bill	£175,681,239
Percentage of the total pay bill spent on facility time is calculated as: (total cost of facility time ÷ total pay bill) x 100	0.04%

Table 4

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours

Column 1	*Figures*
Time spent on paid trade union activities as a percentage of total paid facility time hours is calculated as: *(total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100*	18.58%

Counter Fraud

The Trust has a well-established relationship with the local counter fraud team and the work of the Counter Fraud team is actively promoted through Trust procedures and communications with staff.

5.10 Expenditure on consultancy

During the year the Trust reported total consultancy expenditure of £1,143,045 (£994,844 for previous year).

5.11 Off payroll adjustments

Nil

6. THE DISCLOSURES SET OUT IN THE NHS FOUNDATION TRUST CODE OF GOVERNANCE

Better Payment Practice Code

The Better Payment Practice Code requires that the Trust pay all NHS and non-NHS trade payables within 30 calendar days of receipt of goods or a valid invoice (whichever is later), unless other payment terms have been agreed. Compliance with the code is that at least 95% of invoices paid are within thirty days or within agreed contract terms. The table below summarises compliance for the year ended 31 March 2020.

No statutory interest was payable by the Trust in 2019/20 in respect of late payments. Income from the provision of health services is greater than income from other sources.

Better Payment Practice Code	**Actual 31/03/2020 YTD Number**	**Actual 31/03/2020 YTD £'000**
Non-NHS Invoices		
Total bills paid in the year	**70,634**	**142,866**
Total bills paid within target	**64,733**	**132,745**
Percentage of bills paid within target	**91.6%**	**92.9%**
NHS Invoices		
Total bills paid in the year	**2,846**	**13,477**
Total bills paid within target	**2,478**	**11,831**
Percentage of bills paid within target	**87.1%**	**87.8%**
Total		
Total bills paid in the year	**73,840**	**156,343**
Total bills paid within target	**67,211**	**144,576**
Percentage of bills paid within target	**91.5%**	**92.5%**

7. REGULATORY RATINGS

NHS Oversight Framework 2019/20

The NHS Oversight Framework 2019/20 provides the framework for overseeing providers and identifying potential support needs. The framework looks at five themes:

- Quality of care and outcomes
- Finance and use of resources
- New service models
- Preventing ill health and reducing inequalities
- Leadership and workforce

Segmentation

The Trust is in Segment 2, Targeted Support, where it has been since the initial formal segmentation in December 2016.

This segmentation information is the trust's position as at April 2019. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

Finance and use of resources

The finance and use of resources theme is based on the scoring of five measures from '1' to '4', where '1' reflects the strongest performance.

The in-year financial performance score for providers is a mean average of the scores on five individual metrics, as per the table below, except that:
• If a provider scores 4 on any individual in year financial performance metric, their in-year financial performance score is at least a 3 – ie cannot be a 1 or 2 – triggering a potential support need.
• If a provider has not agreed a control total: – where they are planning a deficit their in-year financial performance score will be at least 3 (ie it will be 3 or 4)
– where they are planning a surplus their in-year financial performance score will be at least 2 (ie it will be 2, 3 or 4).

Scores are rounded to the nearest whole number. Where a trust's score is exactly between two whole numbers, it is rounded to the lower whole number (eg both 2.2 and 2.5 are rounded down to 2).

Area	Metric	2019/20 scores				2018/19 score
		Q4	Q3	Q2	Q1	Q4
Financial sustainability	Capital service capacity	2	3	4	4	4
	Liquidity	4	3	3	4	4
Financial efficiency	I&E margin	2	4	4	4	4
Financial controls	Distance from financial plan	1	1	1	1	4
	Agency spend	4	4	4	4	4
Overall scoring		**3**	**3**	**3**	**3**	**4**

8. STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Statement of the Chief Executive's responsibilities as the Accounting Officer of Poole Hospital 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 Poole Hospital 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 Poole Hospital NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, 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.

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.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in the NHS Foundation Trust Accounting Officer Memorandum.

Signature 

Debbie Fleming, Chief Executive
Date: 24/6/2020

9. Annual Governance Statement 2019-20

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Poole Hospital NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Poole Hospital NHS Foundation Trust for the year ended 31 March 2019 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Trust recognises that positive and managed risk-taking is essential for growth, development and innovation. 'Risk' should never be set as a barrier to change and improvement; instead risks should be recognised, considered and managed effectively as part of the continual improvement process.

The management of risk is led by the Board of Directors (BoD) and overseen by the key board assurance committee; Quality, Safety and Performance Committee which is chaired by a Non- Executive Director.

The Trust has during 2019/20 continued to develop and enhance its governance and risk management systems and processes recognising the changing and challenging environment in which it operates. The identification and appropriate management of risk forms an integral part of the Trust`s overall approach to integrated governance to ensure a risk awareness culture in which all risks are identified, assessed, understood and proactively managed. This promotes a way of working that ensures risk management is embedded in the culture of the organisation and remains an integral part of the Trust's objectives, plans, practices and management systems.

The Board recognises that there is a need for robust systems and processes to support continuous improvement, enabling staff to integrate risk management into their daily activities wherever possible and support better decision making through a good understanding of risks and their likely impact on patient and staff safety.

The success of any risk management plan is dependent on the defined and demonstrated support and leadership provided by the Board as a whole. The BoD has endorsed the Trust's risk management strategy in order to support the delivery of

its strategic objectives through ensuring a robust risk management infrastructure is in place. This robust framework includes continued development of the Board Assurance Framework (BAF) closely aligned with the Trust's risk register.

The risk management structure is based on committees and groups which have key roles in the management of risk. This provides the assurance required by the Board that all areas of risk are being adequately managed, monitored and developed. The Audit and Governance Committee receives regular reports with regard to the risk register process including; all new significant risks added to the risk register alternate months, annual risk register report with a 6 month update mid-year, draft annual governance statement, and Internal and External audit reports and audit view.

Healthcare commissioners and providers in Dorset have developed a Pan Dorset Risk Management Framework. This includes a standard matrix for measuring the likelihood ad consequence of a risk and determining the level of risk that can be accepted at the key management levels within the organisation. A risk assessment template is used to collate the risks, controls, mitigations and associated risk ratings. The process of risk assessment is outlined in the risk assessment toolkit available to staff on the Trust intranet. The Risk Management Department provide support to staff on completion and review of risk assessments to ensure quality and accuracy of assessments.

The Foundation Trust's approach to risk management is set out in the Risk Management Strategy document. This has been reviewed in year and provides detailed guidelines for the identification, assessment, communication, and escalation of risks. Management of risks is undertaken in line with the Trust's appetite statement, also provided in the Risk Management Strategy. The appetite statement defines boundaries for escalation of operational risks the executive level, highlighting risks which may impact on the delivery of Trust objectives.

The Trust empowers all staff to engage in risk management. An electronic risk management system; DATIX, was fully implemented in 2018 and allows for local risk ownership within Divisions, and aggregated risk management at Care Group level. Staff are guided in articulating risk through policy, toolkits, documentation, and training. Staff are encouraged to describe risks in terms of cause and effect, and identify appropriate controls. Where these controls fall short, action planning is required to achieve target risk scores. These actions include ownership and timescales for delivery. Staff are required to attribute inherent, current, and target risk scorings to allow the Trust to prioritise risk.

A dedicated Board development session on Risk Appetite was delivered by the Trust internal auditors in July 2019. The learning from this session will inform the merged organisation's Risk Appetite Statement and supporting risk framework. The Board of Directors recognises that training is central to staff understanding their roles and responsibilities for risk management across the organisation. Operational risk management training aimed at senior leaders within the Trust was provided by external providers and was delivered in mid-2019. This is supported by training delivered by the Head of Risk, aiming to educate managers, matrons and the Board around risk and risk processes.

Regular Board of Director seminars and separate board development sessions covering key risk and safety topics are provided. The board seminars are held throughout the year to support the executive and non-executive directors in their roles.

The risk management process is led by a nominated Director - the Director of Nursing, and supported by Executive Directors, Clinical Directors, Deputy Director of Nursing, Head of Quality Governance, General Managers, Heads of Nursing and Quality, Matrons and Department Leads.

Learning following a patient safety incident, mortality review, claim, inquest or complaint is extremely important part of the Trust risk and governance framework. Sharing learning from incidents is completed through a variety of mechanisms including; a safety newsletter, learning panel reports, dissemination at key meetings, team briefings, directorate and team performance review meetings, action plans, patient stories at Board meetings and review of significant complaints at senior Trust meetings. Serious incident learning panel reviews are regularly held with learning and outcomes shared with staff. Scrutiny from our Clinical Commissioning Group (CCG) ensures we maintain a high standard of investigation.

The risk and control framework

The Trust has a Risk Management Strategy which is a key strategy for the organisation with clear objectives and sets out the leadership, responsibility, risk appetite and accountability arrangements for risk management. These responsibilities are then taken forward through a Board Assurance Framework. This Risk Management Strategy is underpinned by a suite of policies and procedures guiding staff on the day to day delivery of effective risk management processes.

Risk appetite is defined as “the amount of risk at board level that an organisation is willing to take on in order to meet strategic objectives” (2016: Institute of Risk Management). It is the level at which the Trust Board determines whether an individual risk, or a specific category of risks are considered acceptable or unacceptable based upon the circumstances/situation facing the Trust and has been a focus for 2019/2020.

The Risk Management Strategy was reviewed and updated during 2019 to reflect the agreed pan Dorset alignment of risk and governance processes.

The management of risk, locally and centrally, is underpinned by a detailed risk management cycle of risk identification, assessment, mitigation, monitoring and review. Risk management is integrated into business planning, quality improvement, education and training, performance reviews and annual audit plans. Risks (corporate, clinical and non-clinical) and action plans to mitigate risk are discussed at the monthly Clinical Care Group and Clinical Directorate performance meetings. Quarterly performance reviews (involving clinical and corporate directorates) are led by the Executive Directors and focus on performance highlights and challenges.

The monthly Risk Management and Safety Group meetings, chaired by the Director of Nursing, with representation from Clinical Care Groups and Corporate Directorates was merged with the Clinical Governance Group in April 2019, creating the Trust Quality Governance Group, in order to provide a more integrated governance framework.

Risk Management Groups are in place within each Care Group and these meet regularly to discuss incidents that have occurred and agree actions to be taken and consider any trends or issues for escalation and/or dissemination. Care Group and Directorate leads are responsible for maintaining directorate risk registers and for bringing any high risk issues to the attention of the Quality Governance Group and the Quality, Safety and Performance Committee. Any risks that cannot be managed at a local level and have the potential to affect the whole of the Trust, and/or have a

risk rating of 15 and above are reported to the Quality, Safety and Performance Committee and the Board of Directors.

The Board Assurance Framework (BAF) is a key mechanism to reinforce the strategic focus of the Board and better manage risk. It is used to help the organisation capture, report and monitor key risks to the strategic objectives, implement corrective action and report to the Board on progress. It is designed to provide assurance that the organisation is delivering on its objectives, supporting the management of the potential and actual risks. The BAF also helps the organisation to assess the controls it has in place to mitigate the risks and review the assurances to check the controls are effective.

The BAF and related strategic risks are managed and monitored by the Finance and Investment Committee (financial risks); the Quality, Safety and Performance Committee (quality, safety and performance risks), and the Workforce and Organisational Development Committee (workforce risks).

The Trust has 5 strategic objectives. The risks associated with failing to achieve these objectives form the basis of the BAF. The strategic objectives for 2019 - 2020 are;

- The delivery of safe, responsive, compassionate high quality care
- To attract, inspire and develop staff
- Working with partners to develop new models of care and reconfigure services so that clinically and financially sustainable arrangements are in place across Dorset
- Ensuring all resources are used efficiently, effectively and economically to deliver key operational standards and targets
- Be a well governed and well managed organisation that operates collaboratively with local partners

A number of gaps in assurance were identified at the beginning of the year within the BAF for 2019-2020. These gaps in assurance and a number of risks relating to the gaps in assurance have subsequently been closed within the year with evidence of assurance reported to the relevant board sub-committee on a quarterly basis. Any significant risks relating to gaps in assurance on the BAF are scrutinised regularly by the responsible board key subcommittee and twice yearly by the Board of Directors.

The Board Assurance framework and Trust Risk Management Framework is subject to our internal auditors each year. An internal audit of risk maturity was completed in August 2018. The audit concluded that the Trust risk management processes were largely in line with other local Trusts.

The principal risks to compliance with Condition 4 set out in the Trust's provider licence have been highlighted to the Board in advance through the regular reporting to the Board at its bi-monthly meetings.

The most significant risk facing the NHS and the Trust currently and in the future is the impact of covid-19. It is clearly recognised that the standard ways in which the NHS operates have significantly changed as we all try to manage the impact of covid 19 on the country and on the National Health Service. Normal business has been disrupted and new clinical pathways, policies and procedures have been introduced during the pandemic. We continue to adapt these on a daily basis in line with national, professional and local guidance to ensure staff and patient safety and maintain high standards of patient care. The Trust has identified the impact of Covid-

19 as the highest risk on the Trust risk register and has developed a detailed risk log to support this overarching risk. The log is reviewed on a daily basis by individual clinical service leads and is discussed in detail weekly by the Executive Team. The risk log has clearly identified risks to current performance measures such as cancer access times and referral to treatment targets. Additional risks such as the availability of personal protective equipment, essential equipment, medications, staffing and skill mix are also identified as both current and future risks. In addition we recognise that the pandemic has had, and will continue to have, a significant impact on our staff and we have put in place a raft of measures to support staff well-being including emotional, physical and psychological support,

The Trust risk around finance has decreased during 2019 to a rating of 12; however, challenges to achieving the financial control total remain due to reliance on temporary staffing, increased activity and use of unfunded escalation beds..

Following an inspection by the Care Quality Committee, a new risk relating to Radiation Physics Support staffing levels was added to the risk register in June 2019. The Medical Physics team at Poole Hospital provide technical support across the whole of Dorset and a major component of this is radiology and other services to assist in compliance with radiation safety legislation, including keeping radiation exposure of patients, staff and public as low as possible. To mitigate the risk and ensure compliance with CQC requirements, new posts in this team have been agreed and recruitment is actively underway.

A staffing risk also exists in Trauma where there is a high vacancy rate among qualified staff. Block booking of agency staff who are familiar with the wards and ongoing recruitment, including overseas trained nurses provide some mitigation to this risk.

There is also a recognised risk around the ability to maintain and develop the Trust IT services in line with clinical and operational requirements. With the rapid increase in new technology and clinical systems reliant on a robust IT infrastructure there is a challenge to ensure sufficient resourcing to enable IT staff and infrastructure to keep pace with advances and increased demand. This work programme is overseen by the Director of Informatics.

These risks have been notified to the Board and all are closely monitored via the Board sub committees and have associated programmes of work.

Workforce risks

As an integrated care system we know that our biggest challenge is workforce. It is no longer limited to one particular service, organisation or profession and the knock on effects within one area are felt across nearly all pathways of care. The demand for medical and some clinical, and support staff outstrips traditional supply routes leading to vacancies, unsustainable rotas and agency staff expenditure and difficulties in meeting national quality standards. Integrated workforce planning and redesign is the only way that Dorset will be able to sustain the workforce that it requires to deliver new health and care models, now and in the future.

In recognition, an operating model for system wide workforce development has been established, with a clear mandate from the System Leadership Team to work with, and alongside, their organisations to deliver and drive workforce solutions. This model provides a delivery vehicle to tackle and respond to workforce issues at a system level, recognising and complimenting what is done at an organisational level, supporting Dorset to retain, attract, recruit and develop its workforce.

The East Dorset acute hospital reconfiguration component of the Dorset Clinical Services Review and the merger of Poole Hospital NHS Foundation Trust and The Royal Bournemouth & Christchurch Hospitals NHS Foundation Trusts (the Trusts) represents a very significant change programme, with workforce and operational continuity challenges extending over the next 5-6 years.

The trusts are committed to doing all they can to ensure that our combined workforce understand what this means for them and are engaged and supported to meet the opportunities and challenges ahead. We are proud of our staff and the excellent services they provide and we know that our staff feel passionately about this and do all they can on a daily basis to get it right. As we go forward into a new and different future we will support all to develop all that is best about Poole and Bournemouth to contribute to the delivery of new service models across east Dorset.

A new joint People Strategy was agreed by the Board of Directors of Poole Hospital NHS Foundation Trust and The Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust in December 2019. The strategy supports the merger programme and will ensure our new combined trust has the workforce it needs to deliver its strategic goals and provides staff with a great place to work. The strategy is underpinned by the principles of the interim NHS People Plan, NHS Long Term Plan, and the CQC Well led domain. It sets out how we will unite our workforce behind our vision within Dorset and drive the provision of the necessary support and development needed to continue to deliver the highest possible standards of care in an environment of high demand and significant change.

The strategy describes five key action themes which, through merger and service integration, will enable appropriate support and care for our people while strengthening our organisational capabilities. Actions and initiatives are in place to support these five key themes and progress against the Strategy is reported and monitored by the Workforce & Organisational Development Group on a monthly basis.

Information governance

The Data Security and Protection Toolkit (DSPT) is the core internal and external assurance mechanism for information governance in the Trust and is the national annual toolkit assessment. It was previously known as the Information Governance Toolkit (IGT) but was relaunched in April 2018 as the DSPT with a revised mandatory framework and a greater focus on digital information and cyber security.

The previous IGT included 45 assertions and 135 evidence requirements across six key areas. The Trust was required to achieve a minimum of Level 2 in all 45 assertions in order to ‘pass’ the assessment and deliver a ‘satisfactory’ submission. The Trust has passed the IGT for the last four financial years and maintained a score of 84% since 2015/16.

The assertions and requirements were reviewed and updated by NHS digital for 2019/20 and the DSPT now includes 179 evidence requirements 30 more than 2018/19) across 44 assertions (four more than 2018/19), 116 evidence requirements are mandatory and the remaining 63 are best practice. The Trust must be 100% compliant in all mandatory areas in order to pass the DSP toolkit.

The Trust has been working through an agreed action plan, and has been working closely with our colleagues in the Royal Bournemouth Christchurch Hospital. The

final submission was due to be in place by 31 March 2020 however submission has been put back until later in the year- this will be the Trust's last submission for 2019/20 which will provide the final published score. The Trust target for this is to be compliant across all mandatory requirements as a minimum.

The Trust has an Information Risk and Security policy that relates to all Trust information activities. It addresses data security and processes for protecting all Trust data, by providing a consistent risk management framework in which information risks are identified, considered and addressed. Any incident involving the actual or potential loss of personal or sensitive corporate information that could lead to identity fraud or has other significant impact on individuals is considered to be serious and would be required to be reported to the Information Commissioner's Office and NHS Digital. No incidents of this nature have been reported during 2019/2020.

Other regulation

The foundation trust is fully compliant with the registration requirements of the Care Quality Commission. The Trust received an overall rating of good in its inspection visit completed in October and November 2019; this included an overall rating of outstanding for the Care domain. The Trust underwent a well led review following NHS Improvement's Well Led Review Framework in November 2019. The CQC commented there was strong, consistent, visible leadership, the vision and strategy for the trust was clear and there was a great culture in the trust and among the staff across all areas.

The Foundation Trust has published an up to date register of interests for decision making staff within the past 12 months, as required by the 'Managing conflicts of interest in the NHS' guidance as follows:

- Board of Directors Register of Interests;
- Council of Governors Register of Interests;
- A Register of Interests for Board Sub-committee attendees;
- A Register of Interests for decision making staff not included in the above.

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

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

The foundation trust has undertaken risk assessments and has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP 18). The Trust ensures that its obligations under the Climate Change Act and the Adaption Reporting requirements are complied with.

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

The Trust employs a number of internal mechanisms and external agencies to ensure the best use of resources.

Executive Directors and Managers have responsibility for the effective management and deployment of their staff and other resources to maximise the efficiency of their Clinical Care Groups and Corporate Directorates.

Board of Directors: - A Non-Executive Director chairs the Audit and Governance Committee at which representatives of the internal and external auditors attend. The committee reviewed and agreed the audit plans of both the internal and external auditors. The plans specifically include economy, efficiency and effectiveness reviews which have been reported on. A Non-Executive Director also chairs the Finance and Investment Committee which reviews the Trust's finance plans and performance and the Workforce and Organisational Development Committee is also chaired by a non-executive director. The Board of Directors receives both performance and financial reports at each of its meetings and receives reports of its sub committees to which it has delegated powers and responsibilities.

The Trust also has a significant transformation programme to ensure the Trust maximises the use of all available resources and identifies and manages a number of cost improvement programmes to ensure that scarce resources are used in the most effective manner. As part of this process, the Trust is fully engaged with the productivity and efficiency work streams arising from the Model Hospital.

A benefits realisation process is in place to review all investment decisions to ensure that resources are utilised effectively for the intended purpose. All investment decisions are reviewed on a monthly basis prior to approval to ensure value for money.

The Trust received a rating of 'good' for use of resources in NHS Improvement's assessment in September 2019.

Data quality and governance

The production of the annual quality report is led by the Director of Nursing and reflects the discussions and decisions of the Board of Directors and the Quality, Safety and Performance Committee during the preceding year.

The data used in the quality report has been reviewed and a number of data items are the subject of internal and external review to check validity.

Clinical quality and patient safety have been at the forefront of meetings of the Board of Directors and the Trust has continued to hold a regular Quality, Safety and Performance Committee to provide further assurance on the arrangements for maintaining clinical quality and patient safety. The Board and board sub committees review internal quality data against a number of external, independent, sources such as internal and external audit, peer reviews, national registries and audits, CQC insight model reports and Getting in Right First Time (GIRFT) reports. Quality data is routinely reported and reviewed from Ward to Board.

As a specific example, the reporting of Referral to Treatment (RTT) access times is a key NHS metric, and part of the NHS Constitution. The accuracy and timeliness of RTT data, that underpins both day to day operational management of elective care and also for reporting against this access standard is crucial.

The RTT team undergo daily ongoing validation, picking up staff training needs, patients that require expediting and records that may need amendment to ensure the patient pathway is accurately reflected. There are also weekly reconciliations

undertaken as well as month end checks by the lead analyst in preparation for month end reporting.

RTT reports including patient level data are made available to the Operational and General Managers at least weekly, with self-service reporting updated daily. Dedicated validator support is provided to the Medicine and Surgery Care Group meetings and there is a new suite of reports that are updated daily on 52 week breach risk, which has been a focus this year

RTT is part of the Data Quality Framework, which is a standing item with the Data Quality Management team and presented annually to the Audit and Governance Committee. RTT is currently subject to Annual External Audit, this is part of a rolling DQ review with Internal Audit. The Trust has procured an online training package in order to be able to quantify who has completed their training and test competency; this will go live in 2020/21.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on performance information available to me. My review is also informed by 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, risk/ clinical governance committee/ quality, safety and performance committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Conclusion

Based upon available Department of Health guidance, and the Trust's internal and external auditors' views, the Board of Directors has not identified any significant internal control issues at this time.

Signed 

D M Fleming (Mrs)
Chief Executive

Date: 24/6/2020

Poole Hospital NHS Foundation Trust

SECTION C: ANNUAL ACCOUNTS

Independent auditor's report

to the Council of Governors of Poole Hospital NHS Foundation Trust

. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Our opinion is unmodified

We have audited the financial statements of Poole NHS Foundation Trust ("the Trust") for the year ended 31 March 2020 which comprise the Group and Trust Statement of Comprehensive Income, Group and Trust Statement of Financial Position, Group and Trust Statement of Changes in Equity and Group and Trust Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion:

— the financial statements give a true and fair view of the state of the Group and Trust's affairs as at 31 March 2020 and of its income and expenditure for the year then ended; and

— the Group and Trust's financial statements have been properly prepared in accordance with the Accounts Direction issued under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006, the NHS Foundation Trust Annual Reporting Manual 2019/20 and the Department of Health and Social Care (DHSC) Group Accounting Manual 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group and Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview	
Materiality: Group financial statements as a whole	£5.6m (2019:£4.9m) 2% of total operating income (2019: 2%)

Risks of material misstatement		vs 2019
Recurring risks	Valuation of land and buildings	▲
	Recognition of NHS and non-NHS Income	◄►
	Recognition of Non-Pay Expenditure	◄►
Key		
◄►	Risk level unchanged from prior year	
▲	Increased risk in the year	

Emphasis of matter- going concern basis of preparation

We draw attention to the disclosure made in note 1 to the financial statements which discloses that the Boards of Poole Hospital NHS Foundation Trust and the Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust have announced their intention to merge the operations, assets and liabilities of both trusts into a single new trust.

Whilst the Trust is not a going concern due to its planned dissolution during the next 12 months, the financial statements of the Trust have been prepared on a going concern basis because its services will continue to be provided by the successor trust. Our opinion is not modified in respect of this matter.

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2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and our findings ("our results") from those procedures in order that the Trusts governors as a body may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

All of these key audit matters relate to the Group and the parent Trust.

	The risk	Our response
Land and Buildings *(£111.5million; 2019: £112.3 million)* *Refer to page 37 (Audit and Governance Committee Report), note 1 of the financial statements (accounting policies) and note 8 of the financial statement (financial disclosures)*	**Subjective valuation** Land and buildings are required to be held at current value in existing use. As hospital buildings are specialised assets and there is not an active market for them they are usually valued on the basis of the cost to replace them with a 'modern equivalent asset'. 89.2% of the Group's land and buildings are deemed specialised as at 31 March 2020. When considering the cost to build a replacement asset the Trust may consider whether the asset would be built to the same specification or in the same location. Assumptions about changes to the asset must be realistic. A valuation is completed by an external expert, engaged by the Trust using construction indices and so accurate records of the current estate are required. Full valuations are completed every five years, with interim desktop valuations completed in interim periods. The Trust last had a full valuation at 31 March 2016 and commissioned its valuer to carry out an interim desktop revaluation at 31 March 2020.The report of the valuer contains the standard RICS disclosure of a material valuation uncertainty due to the outbreak of COVID-19. Valuations are inherently judgemental, therefore our work focused on whether the valuer's methodology, assumptions and underlying data, were appropriate and correctly applied. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of land and buildings has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. **Disclosure of Sensitivity** Appropriate disclosure will be required of the impact of COVID-19 on market-based valuations of land and buildings and the sensitivity of the valuation to changes in estimates and judgements made by the valuer. Note 1.5 within the financial statements discloses this valuation uncertainty.	Our procedures included: — **Assessing valuer's credentials:** We considered the scope, qualifications and experience of the valuer, to identify whether the valuer was appropriately experienced and qualified to provide relevant indices;Test of details: We undertook the following tests of details: — **Methodology choice:** We considered the overall methodology of the external valuation performed to identify whether the approach was in line with industry practice, assisted by our Estate Valuation specialist; — **Benchmarking assumptions:** We critically assessed the assumptions used within the valuation by assessing the assumptions used to derive the carrying value of assets against BCIS all in tender price index and industry norms and utilising our Estate Valuation specialist; — **Test of details:** We undertook the following tests of details: – We tested the completeness of the estate covered by the valuation to the Trust's underlying estate records, including additions to land and buildings during the year; – We re-performed the calculation of gain or loss on revaluation for all applicable assets and checked whether the accounting entries were consistent with the DHSC Group Accounting Manual; and — For a sample of assets added during the year we agreed that an appropriate valuation basis had been adopted when they became operational and that the Trust would receive future benefits. — **Assessing transparency:** We assessed the completeness and accuracy of the matters covered in the valuations disclosure, including the group's disclosures of the sensitivity of the valuation to changes in key assumptions. — **Our results:** From the evidence obtained, we found the resulting valuation of land and buildings and related disclosures to be acceptable.

2. Key audit matters: our assessment of risks of material misstatement (cont.)

	The risk	Our response
Recognition of NHS and non-NHS income *(£293million; 2019: £259million)* *Refer to page 37 (Audit and Governance Committee Report), note 1 of the financial statements (accounting policies) and note 2 of the financial statement (financial disclosures)*	**Effects of Irregularities** Of the Group's reported total income, £244.7million (2019: £219.4 million) came from commissioners (Clinical Commissioning Trusts (CCG), other NHS Bodies and NHS England). Income from CCGs, other NHS Bodies and NHS England make up 98% of the Trust's income. The majority of this income is contracted on an annual basis, however actual income is based on completing actual levels of activity completed during the year. An agreement of balances exercise is undertaken between all NHS bodies to agree the value of transactions during the year and the amounts owed at the year end. 'Mismatch' reports are produced setting out discrepancies between the submitted balances and transactions between each party, with variances over £300,000 being required to be reported to the National Audit Office to inform the audit of the DHSC consolidated accounts. The Group reported total other income of £48.6 million (2019: £34.5 million) from other activities principally, education and training and non-patient care activities. Much of this income is generated by contracts with other NHS and non-NHS bodies which are based on achieving financial targets, varied payment terms, including payment on delivery, milestone payments and periodic payments. The amount also includes £18.1 million (2019: £8.6 million) Provider Sustainability Funding (PSF) received from NHS Improvement. This is received subject to achieving defined financial and operational targets on a quarterly basis. As such there is a fraudulent risk of revenue recognition over both NHS and Non-NHS income.	Our procedures included: **Control observations:** We tested the design and operation of process level controls over revenue recognition; **Test of details:** We undertook the following tests of details: – We agreed a sample of commissioner income to the signed contracts and supporting invoice and payments to the bank receipts; – We inspected invoices for material income in the month prior to and following 31 March 2020 to determine whether income was recognised in the correct accounting period, in accordance with the amounts billed to corresponding parties; – We inspected confirmations of balances provided by the Department of Health as part of the AoB exercise and compared the relevant income recorded in the Group's financial statements to the expenditure balances recorded within the accounts of Commissioners. Where applicable, we investigated variances and reviewed relevant correspondence to assess the reasonableness of the Group's approach to recognising income; – We assessed the judgements made to received the transformation funding recorded in the financial statements as part of the Trust's performance against the required targets to confirm eligibility for the income and agreed bonus amounts to correspondence from NHSI; and – We tested material other income balances by agreeing a sample of income transactions through to supporting documentation and/or cash receipts. **Our results** – The results of our testing were satisfactory and we found the recognition of NHS and non-NHS income to be acceptable.

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2. Key audit matters: our assessment of risks of material misstatement (cont.)

	The risk	Our response
Recognition of non-pay expenditure *(£94.8million; 2019: £85.1million)* *Refer to page 37 (Audit and Governance Committee Report), note 1 of the financial statements (accounting policies) and note 3 of the financial statement (financial disclosures)*	**Effects of Irregularities:** As most public bodies are net spending bodies the risk of material misstatement due to fraud related to expenditure recognition may be greater than the risk of fraud related to revenue recognition. There is a risk that the Trust may manipulate expenditure to meet externally set targets and we had regard to this risk when planning and performing our audit procedures. The incentives for fraudulent expenditure recognition relate to achieving financial targets and the key risks relate to the manipulation of recognition of non-pay expenditure at the year-end. There may therefore be an incentive to defer non-pay expenditure or recognise commitments at a reduced value in order to achieve financial targets.	Our procedures included: **Control observations:** We tested the design and operation of process level controls over expenditure approval; **Test of details:** We undertook the following tests of details: — We agreed a specific item sample of non pay expenditure transactions to supporting evidence and cash; — We inspected invoices for material expenditure in the month prior to and following 31 March 2020 to determine whether expenditure was recognised in the correct accounting period relevant to when services were delivered; — We assessed the completeness and judgements made within the expenditure balance, specifically accrued expenditure, through comparison to historical performance; and — We inspected confirmations of balances provided by the Department of Health as part of the AoB exercise and compared the relevant payables recorded in the Trust's financial statements to the receivables balances recorded within the accounts of other providers and other bodies within the AoB boundary. Where applicable, we investigated variances and reviewed relevant correspondence to assess the reasonableness of the Trust's approach to recognising expenditure with other providers and other bodies within the AoB boundary. **Our results:** — The results of our testing were satisfactory and we found the recognition of non-pay expenditure to be acceptable.

3. Our application of materiality and an overview of the scope of our audit

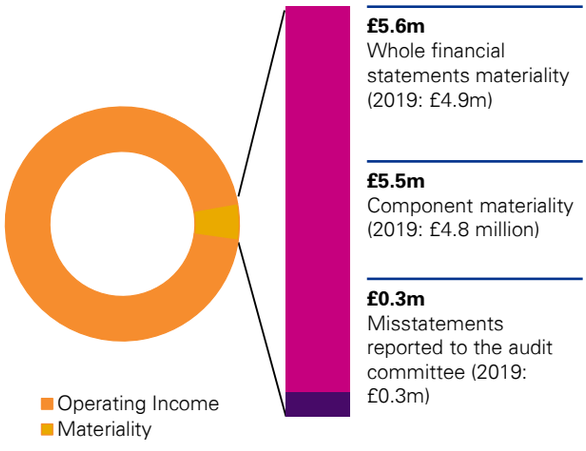
Materiality for the Group financial statements as a whole was set at £5.6 million (2019: £4.9 million), determined with reference to a benchmark of operating income (of which it represents approximately 2%) {2019: 2%). We consider operating income to be more stable than a surplus- or deficit-related benchmark.

Materiality for the parent Trust's financial statements as a whole was set at £5.5 million (2019: £4.8 million), determined with reference to a benchmark of operating income (of which it represents approximately 2% (2019: 2%)).

We agreed to report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £0.3 million (2019: £0.25 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's two reporting components, we subjected one component to a full scope audit for group reporting purposes. The remaining component was not individually financially significant enough to require a full scope audit for group reporting purposes, but did present specific individual risks that needed to be addressed. The component within the scope of our work accounted for the percentages illustrated below:

Operating Income
£293m (2019: £259m)



4. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

In our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements.

Remuneration report

In our opinion the part of the remuneration report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2019/19.

Corporate governance disclosures

We are required to report to you if:

— we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Group's position and performance, business model and strategy; or

— the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or

— the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2019/20, is misleading or is not consistent with our knowledge of the Group and other information of which we are aware from our audit of the financial statements.

We have nothing to report in these respects.

5. Respective responsibilities

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 77, the Accounting Officer is responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Group and parent Trust without the transfer of its services to another public sector entity

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

We have nothing to report on the statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice issued by the Comptroller and Auditor General ('the Code of Audit Practice') to report to you if:

— any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006.

— any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit.

We have nothing to report in these respects.

Our conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources is unqualified

Under the Code of Audit Practice we are required to report to you if the Trust has not made proper arrangement for securing economy, efficiency and effectiveness in the use of resources.

We have nothing to report in this respect.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

The Group is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources

Under Section 62(1) and Schedule 10 paragraph 1(d), of the National Health Service Act 2006 we have a duty to satisfy ourselves that the Group has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources .

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the Group had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice and related guidance. Based on our risk assessment, we undertook such work as we considered necessary.

Report on our review of the adequacy of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required by guidance issued by the C&AG under Paragraph 9 of Schedule 6 to the Local Audit and Accountability Act 2014 to report on how our work addressed any identified significant risks to our conclusion on the adequacy of the Group's arrangements for securing economy, efficiency and effectiveness in the use of resources. The 'risk' in this case is the risk that we could come to an incorrect conclusion in respect of the Group's arrangements, rather than the risk of the arrangements themselves being inadequate.

We carry out a risk assessment to determine the nature and extent of further work that may be required. Our risk assessment includes consideration of the significance of business and operational risks facing the Group, insofar as they relate to 'proper arrangements'. This includes sector and organisation level risks and draws on relevant cost and performance information as appropriate, as well as the results of reviews by inspectorates, review agencies and other relevant bodies.

The significant risk identified during our risk assessment is set out below together with the findings from the work we carried out on this area.

Significant Risk	Description	Work carried out and judgements
Financial Sustainability:	Due to a combination of regulatory scrutiny and significant financial challenge in the sector and locally across the health economy, we undertook a detailed review of the Trust's arrangements for planning its finances effectively to support the sustainable delivery of strategic priorities and the maintenance of its statutory functions. The plan for the financial year noted the Trust would achieve a breakeven position.	Our work included: — Considering the nature of cash support the Group is receiving from NHSI and its performance against any conditions attached to the support. — Assessing the Trust's arrangements for managing working capital, including the processes for forecasting and monitoring cash flows and delivering cash savings. — Considering the arrangements in place to deliver recurrent cost improvements by assessing the Trust Cost Improvement Plan delivery against the planned Cost Improvement Plan target and the use of recurrent and non-recurrent savings. — Comparing the Trust use of agency staff against the agency cap set by NHS Improvement. — Evaluating the Trust position as at 31 March 2020 against the forecast position and considering the future financial plans to assess the ongoing financial sustainability. **Our findings on this risk area:** — at 31 March 2020 the Trust reported a £0.55 million surplus against an original planned breakeven position. The underlying control total deficit before PSF funding was £17.7 million. — Agency staff expenditure for the year was £11m. — £6.1m of cost improvement plans delivered against a target £9. We found that the Trust had adequate arrangements in place to plan its finances effectively to support the sustainable delivery of strategic priorities and maintain its statutory functions.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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 and the terms of our engagement by the Trust. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust, as a body, those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Trust, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of the Trust, as a body, for our audit work, for this report, or for the opinions we have formed

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Poole NHS Foundation Trust for the year ended 31 March 2020 in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office.

Jonathan Brown

Jonathan Brown
for and on behalf of KPMG LLP

Chartered Accountants
66 Queen Square,
Bristol, BS1 4BE
24 June 2020

KPMG

FOREWORD TO THE ACCOUNTS

Poole Hospital NHS Foundation Trust

These accounts for the year ended 31 March 2020 for Poole Hospital NHS Foundation Trust (the "Foundation Trust") have been prepared in accordance with paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006, and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006.

Signed  **Chief Executive and Accounting Officer**

Name: Debbie Fleming

Date: 24 June 2020

Statement of Accounting Officer's responsibilities

Statement of the Chief Executive's responsibilities as the Accounting Officer of Poole Hospital 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 Poole Hospital 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 Poole Hospital 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*.

.....Signature

Debbie Fleming, Chief Executive

Date: 24 June 2020

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 March 2020

	NOTE	Group (see Note a) 2019/20 £000	Foundation Trust (see Note b) 2019/20 £000	Group 2018/19 £000	Foundation Trust 2018/19 £000
Operating income	2	293,816	293,913	259,876	258,849
Operating expenses	3	(293,268)	(292,653)	(268,329)	(266,610)
OPERATING SURPLUS/(DEFICIT)		548	1,260	(8,453)	(7,761)
Finance Costs					
Finance income	5	150	97	140	82
Finance expense	6	(600)	(600)	(431)	(431)
Public Dividend Capital dividends payable		(2,863)	(2,863)	(2,925)	(2,925)
Net Finance Costs		(3,313)	(3,366)	(3,216)	(3,274)
Gains on disposal of assets		111	111	0	0
DEFICIT FOR THE YEAR (See Note b below)		(2,654)	(1,995)	(11,669)	(11,035)
Other comprehensive income					
Revaluations to revaluation reserve (Note c)		319	311	0	0
TOTAL COMPREHENSIVE DEFICIT FOR THE YEAR		(2,335)	(1,684)	(11,669)	(11,035)

Note a Group figures include Poole Hospital NHSFT Charitable Fund (registered charity number 1058808)

Note b. 2019/20 Control Total	Foundation Trust 2019/20 £000	Foundation Trust 2018/19 £000
Deficit for the year (above)	(1,995)	(11,035)
Add back impairment	2,029	75
Less donated capital/fixed asset disposal adjustment	511	93
Control total surplus/(deficit) including Provider Sustainability Fund (PSF)	545	(10,867)
Less PSF received	(18,105)	(8,609)
Control total deficit	(17,560)	(19,476)
Agreed control total deficit	(17,742)	(12,855)
Performance against control total	182	(6,621)

Note c. The revaluation movement in the year relates to property, plant and equipment following the revaluation of the estate by the Trust's Valuer (Avison Young) as at 31 March 2020.

The accompanying notes form an integral part of these financial statements.

All income and expenditure is derived from continuing operations.

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2020

	NOTE	Group 31 March 2020 £000	Foundation Trust 31 March 2020 £000	Group 31 March 2019 £000	Foundation Trust 31 March 2019 £000
NON CURRENT ASSETS					
Intangible assets	7	1,618	1,618	1,640	1,640
Property, plant and equipment	8	151,076	150,871	141,743	141,542
Trade and other receivables	11	1,916	1,916	1,215	1,215
		154,610	154,405	144,598	144,397
CURRENT ASSETS					
Inventories	10	2,809	2,809	2,179	2,179
Trade and other receivables	11	22,482	22,010	18,385	17,409
Cash and cash equivalents	16	16,424	7,073	14,317	5,471
TOTAL CURRENT ASSETS		41,715	31,892	34,881	25,059
CURRENT LIABILITIES					
Trade and other payables	12	(34,010)	(33,848)	(30,833)	(31,327)
Other liabilities	12	(549)	(549)	(843)	(843)
Borrowings	13	(26,865)	(26,865)	(2,262)	(2,262)
Provisions	15	(141)	(141)	(1,149)	(1,149)
TOTAL CURRENT LIABILITIES		(61,565)	(61,403)	(35,087)	(35,581)
TOTAL ASSETS LESS CURRENT LIABILITIES		134,760	124,894	144,392	133,875
NON CURRENT LIABILITIES					
Borrowings	13	(12,198)	(12,198)	(23,895)	(23,895)
Provisions	15	(2,046)	(2,046)	(827)	(827)
TOTAL NON CURRENT LIABILITIES		(14,244)	(14,244)	(24,722)	(24,722)
TOTAL ASSETS EMPLOYED		120,516	110,650	119,670	109,153
FINANCED BY:					
TAXPAYERS' EQUITY					
Public dividend capital		98,185	98,185	95,004	95,004
Revaluation reserve		23,244	23,244	23,578	23,578
Income and expenditure reserve		(10,779)	(10,779)	(9,429)	(9,429)
Charitable Funds reserves		9,866	0	10,517	0
TOTAL TAXPAYERS' EQUITY		120,516	110,650	119,670	109,153

The financial statements on pages 1 to 40 were approved and authorised for issue by the Board on 24 June 2020 and signed on its behalf by:

Signed: .....**Chief Executive** **Date: 24 June 2020**

Name: Debbie Fleming

Signed: .....**Director of Finance** **Date: 24 June 2020**

Name: Pete Papworth

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY (GROUP)

	Public dividend capital (PDC)	Revaluation reserve	Income and Expenditure Reserve	Charitable Fund Reserves	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2019	**95,004**	**23,578**	**(9,429)**	**10,517**	**119,670**
Changes in taxpayers' equity for 2019/20					
Retained surplus/(deficit) for the year	0	0	(3,297)	643	(2,654)
Public Dividend Capital received	3,181	0	0	0	3,181
Impairments/Revaluations charged to the Revaluation Reserve (refer to Notes 8.1 and 8.2)	0	311	0	0	311
Revaluations and impairments- charitable funds	0	0	0	8	8
Transfers between Reserves	0	(645)	645	0	0
Other reserve movements - charitable funds consolidation adjustment	0	0	1,302	(1,302)	0
Other reserve movements	0	0	0	0	0
Balance at 31 March 2020	**98,185**	**23,244**	**(10,779)**	**9,866**	**120,516**
Balance at 1 April 2018	**91,250**	**24,203**	**981**	**11,151**	**127,585**
Changes in taxpayers' equity for 2018/19					
Retained surplus/(deficit) for the year	0	0	(11,941)	272	(11,669)
Public Dividend Capital received	3,754	0	0	0	3,754
Impairments/Revaluations charged to the Revaluation Reserve (refer to Notes 8.3 and 8.4)	0	0	0	0	0
Revaluations and impairments- charitable funds	0	0	0	0	0
Transfers between Reserves	0	(625)	625	0	0
Other reserve movements - charitable funds consolidation adjustment	0	0	906	(906)	0
Other reserve movements	0	0	0	0	0
Balance at 31 March 2019	**95,004**	**23,578**	**(9,429)**	**10,517**	**119,670**

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY (FOUNDATION TRUST)

	Public dividend capital (PDC)	Revaluation reserve	Income and Expenditure Reserve	Total
	£000	£000	£000	£000
Balance at 1 April 2019	**95,004**	**23,578**	**(9,429)**	**109,153**
Changes in taxpayers' equity for 2019/20				
Retained surplus/(deficit) for the year	0	0	(1,995)	(1,995)
Public Dividend Capital received	3,181	0	0	3,181
Impairments/Revaluations charged to the Revaluation Reserve (refer to Notes 8.5 and 8.6)	0	311	0	311
Transfer of the excess of current cost depreciation over historical cost depreciation to the Income and Expenditure Reserve	0	(645)	645	0
Other Reserve movements	0	0	0	0
Balance at 31 March 2020	**98,185**	**23,244**	**(10,779)**	**110,650**
Balance at 1 April 2018	**91,250**	**24,203**	**981**	**116,434**
Changes in taxpayers' equity for 2018/19				
Retained surplus for the year	0	0	(11,035)	(11,035)
Public Dividend Capital received	3,754	0	0	3,754
Impairments/Revaluations charged to the Revaluation Reserve (refer to Notes 8.7 and 8.8)	0	0	0	0
Transfer of the excess of current cost depreciation over historical cost depreciation to the Income and Expenditure Reserve	0	(625)	625	0
Other Reserve movements	0	0	0	0
Balance at 31 March 2019	**95,004**	**23,578**	**(9,429)**	**109,153**

The accompanying notes form an integral part of these financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 March 2020

	Group 2019/20 £000	Foundation Trust 2019/20 £000	Group 2018/19 £000	Foundation Trust 2018/19 £000
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating surplus/(deficit) from continuing operations	**548**	**1,260**	**(8,453)**	**(7,761)**
Non-cash income and expense:				
Depreciation and amortisation	7,423	7,419	6,672	6,669
Impairments	2,029	2,029	75	75
Decrease/(increase) in trade and other receivables	(5,262)	(5,430)	41	239
(Increase)/decrease in inventories	(630)	(630)	(91)	(91)
Increase/(decrease) in trade and other payables	3,439	2,789	3,345	3,999
Increase/(decrease) other liabilities	(294)	(294)	315	315
Increase/(decrease) in provisions	209	209	1,071	1,071
NHS Charitable Funds - net adjustment for working capital movements, non-cash transactions and non-operating cash flows	340	0	1,374	0
NHS charitable Funds: other movements in operating cash flows	53	0	58	0
Other movements in operating cash flows	0	(2)	(2)	1
Net cash generated from operations	**7,855**	**7,350**	**4,405**	**4,517**
Cash flows from investing activities				
Interest received	98	98	77	77
Purchase of property, plant and equipment	(17,969)	(17,969)	(10,870)	(10,870)
Purchase of intangible assets	(663)	(663)	(440)	(440)
Sales of property, plant and equipment	111	111	0	0
Net cash used in investing activities	**(18,423)**	**(18,423)**	**(11,233)**	**(11,233)**
Cash Flows from financing activities				
Public dividend capital received	3,181	3,181	3,754	3,754
Loans received from the Department of Health and Social Care	14,969	14,969	11,210	11,210
Other loans received	0	0	0	0
Other loans repaid	(297)	(297)	(296)	(296)
Loans repaid to the Department of Health and Social Care	(1,837)	(1,837)	(1,837)	(1,837)
Capital element of finance lease rental payments	(44)	(44)	(49)	(49)
Interest paid to Department of Health and Social Care on loans	(557)	(557)	(404)	(404)
Interest element of finance lease	(3)	(3)	(3)	(3)
PDC Dividend paid	(2,737)	(2,737)	(3,187)	(3,187)
Net cash used in financing activities	**12,675**	**12,675**	**9,188**	**9,188**
Increase in cash and cash equivalents	**2,107**	**1,602**	**2,360**	**2,472**
Cash and Cash equivalents at 1 April 2019 (1 April 2018)	**14,317**	**5,471**	**11,957**	**2,999**
Cash and Cash equivalents at 31 March 2020 (31 March 2019)	**16,424**	**7,073**	**14,317**	**5,471**

The accompanying notes form an integral part of these financial statements.

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2019/20 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

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

Going Concern

In the preparation of the year end accounts the Board of Directors is required to undertake an assessment confirming the Trust will continue as a going concern (i.e. that it will continue in the business of healthcare provision for the foreseeable future).

The Trust has prepared its financial plans and cash flow forecasts for the coming year on the assumption that funding will be received from the Department of Health and Social Care consistent with the revised funding arrangements in response to the COVID-19 pandemic. Discussions to date indicate this funding will be forthcoming. These funds are expected to be sufficient to enable the Trust to meet its obligations as they fall due, and will be accessed through the nationally agreed process published by NHS Improvement and the Department of Health and Social Care.

The NHS Improvement Foundation Trust Annual Reporting Manual 2019/20 states that financial statements should be prepared on a going concern basis unless management either intends to apply to the Secretary of State for the dissolution of the NHS foundation trust without the transfer of the services to another entity, or has no realistic alternative but to do so.

There has been no application to the Secretary of State for the dissolution of the Trust and following the preparation of detailed financial plans for 2020/21, no such application is planned.

The Board of Directors has therefore concluded that there is a reasonable expectation that the Trust will have access to adequate resources to continue in operational existence for the next 12 months.

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. The affected loans totalling £24,644k (interim loan principal and interest accrual) are classified as current liabilities within these financial statements. As the repayment of these loans will be funded through the issue of PDC, this does not present a going concern risk for the Trust.
The Board of Directors has therefore concluded that these financial statements should be prepared on a going concern basis as there is a reasonable expectation that the Trust will have adequate resources to conctinue in operational existence for the next 12 months

The boards of Poole Hospital NHS Foundation Trust and The Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust have announced their intention to merge the operations, assets and liabilities of both into a single new trust. The proposed merger is currently subject to due diligence and regulatory review. Although the merger process has been delayed as a result of the Covid-19 pandemic, both boards anticipate the merger will be completed within the next 12 months. Formal board approval for the merger will be subject to confirmation by independent Reporting Accountants that the merged trust will have sufficient working capital and satisfactory governance arrangements to continue post-merger as a going concern.

1.1 Consolidation

Poole Hospital NHS Foundation Trust Charitable Fund

The NHS Foundation Trust is the corporate trustee to Poole Hospital NHS Foundation Trust Charitable Fund (registered Charity Commission number 1058808). The Foundation Trust has assessed its relationship to the Charitable Fund and determined it to be a subsidiary because the Foundation Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund.

The Charitable Fund's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to the Charity's assets, liabilities and transactions to:

* recognise and measure them in accordance with the Foundation Trust's accounting policies, and

* eliminate intra-group transactions, balances, gains and losses.

The reserves of the Charity at 31 March 2020 amounted to £6,988k. For consolidation purposes grants amounting to £2,878k awarded by the Charity to the Foundation Trust but unspent at 31 March 2020 have been added back to the Charity reserves in the Group Accounts. The Charity reserves shown in the Group Accounts therefore amount to £9,866k. These funds are comprised of restricted funds of £9,252k and unrestricted funds of £614k. Restricted funds were donated for specified purposes for a ward or department and the Trustee may only use these funds for the specified purpose. Unrestricted funds may be used at the discretion of the Trustee for any purpose throughout the Hospital.

The reported reserves of the Charity at 31 March 2019 amounted to £8,069k. Consolidation adjustments amounted to £2,448k. The Charity reserves shown in the Group Accounts therefore amounted to £10,517k.

NOTES TO THE ACCOUNTS (continued)

1.2 Revenue from contracts with customers

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

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

Revenue from NHS contracts
The main source of income for the Trust is contracts with commissioners for health care services. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the commissioner, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer. At the year end, the Trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete. This accrual is disclosed as a contract receivable as entitlement to payment for work completed is usually only dependent on the passage of time. Other income includes funding from the NHS South of England in respect of training and education for training posts (primarily junior doctors) and also recharges of clinical staff to local foundation trusts.

NHS injury cost recovery scheme

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

Provider sustainability fund (PSF) and Financial recovery fund (FRF)
The PSF and FRF enable providers to earn income linked to the achievement of financial controls and performance targets. Income earned from the funds is accounted for as variable consideration.

NOTES TO THE ACCOUNTS (continued)

1.3 Expenditure on Employee Benefits
Short-term Employee Benefits

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

Pension costs

NHS Pension Scheme

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

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

a) Accounting valuation
A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% and the Scheme Regulations were amended accordingly.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

NOTES TO THE ACCOUNTS (continued)

Pension costs continued

NHS Pension Scheme

c) Scheme provisions

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

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

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

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

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

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

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

The Trust paid £17,676k employer contributions to the NHS Pension Scheme in 2019/20 and the contributions for 2020/21 are forecast to be approximately £18,660k.These figures excludes the 6.3% employer contribution in 2019/20 (£7,714k) and 2020/21 funded centrally.

NOTES TO THE ACCOUNTS (continued)

1.4 Expenditure on other goods and services

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

1.5 Property, Plant and Equipment

Recognition

Property, Plant and Equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust;
- it is expected to be used for more than one financial year; and
- the cost of the item can be measured reliably.

Property, Plant and Equipment assets are capitalised if they are capable of being used for a period which exceeds one year and they:

- individually have a cost of at least £5,000; or

- collectively 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

- form part of the initial equipping and setting-up cost of a new building or refurbishment of a ward or unit irrespective of their individual or collective cost.

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

NOTES TO THE ACCOUNTS (continued)

1.5 Property, Plant and Equipment continued

Measurement

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

Non-current assets are stated at the lower of replacement cost and recoverable amount. The carrying values of property, plant and equipment are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. The costs arising from the financing of the construction of fixed assets are not capitalised but are charged to the Statement of Comprehensive Income in the year to which they relate.

In accordance with International Accounting Standard 16, all land and buildings are professionally revalued regularly, so that the carrying amount of an asset does not differ materially from its fair value at the end of the reporting period.

Professional valuations are carried out by the Foundation Trust's appointed external Valuer. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual.

A full asset valuation (excluding Assets Under Construction/ Work In Progress) was undertaken as at 31 March 2018, and this value, together with indexation applied to buildings in line with the Valuers advice has been included in the closing Statement of Financial Position. Revised RICS guidance was issued in January 2019. This was not retrospective and impacted fully from 1st April 2019. A further desktop valuation was undertaken on 31st March 2020.

The valuations are carried out primarily on the basis of Modern Equivalent for specialised operational property and Existing Use Value for non-specialised operational property.

Of the £104.25m net book value of land and buildings (including dwellings) subject to valuation, £99.53m relates to specialised assets valued on a depreciated replacement cost basis. Here the valuer bases their assessment on the cost to the Trust of replacing the service potential of the assets. The uncertainty explained above relates to the estimated cost of replacing the service potential, rather than the extent of the service potential to be replaced.

A 1% change in the valuation would have a £1.04m impact on the statement of financial position with a £35,000 impact on the PDC dividend due to be paid next year and accrued in these financial statements

The value of land for existing use purposes is assessed at Existing Use Value. For non-operational properties including surplus land, the valuations are carried out at Open Market Value.

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

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably.

Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is derecognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

The estimated useful lives of assets are summarised below:

Buildings and dwellings	40-90 years
Plant & Machinery	5-15 years
Transport Equipment	1-7 years
Information Technology	5-10 years
Furniture & Fittings	1-10 years

Revaluation gains and losses

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating income.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

NOTES TO THE ACCOUNTS (continued)

1.5 Property, Plant and Equipment Continued

Impairments

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

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

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

De-recognition

Assets intended for disposal are reclassified as 'Held for Sale' once all of the following criteria are met:
The sale must be highly probable and the asset available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not re-valued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met. Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'Held for Sale' and instead is retained as an operational asset and the asset's useful life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Donated, government grant and other grant funded assets

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

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

NOTES TO THE ACCOUNTS (continued)

1.6 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust and where the cost of the asset can be measured reliably.

Internally generated intangible assets

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.
Expenditure on research is not capitalised Expenditure on development is capitalised when it meets the requirements set out in IAS 38.

Software

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

Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management. Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluation gains and losses and impairments are treated in the same manner as for Property, Plant and Equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.Intangible assets held for sale are measured at the lower of their carrying amount or "fair value less costs to sell".

Amortisation
Intangible assets are amortised over their expected useful lives (between five and ten years on a straight line basis) in a manner consistent with the consumption of economic or service delivery benefits.

1.7 Government grants
Government grants are grants from Government bodies other than income from clinical commissioning groups, specialist commissioners, NHS foundation trusts and NHS trusts for the provision of services. Where the Government grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

NOTES TO THE ACCOUNTS (continued)

1.8 Inventories

Inventories are valued at the lower of cost and net realisable value. The material management stock system values the stock at latest invoice price. Pharmacy stock is valued at average price.

1.9 Financial assets and financial liabilities

Recognition

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

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

Classification and Measurement

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

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

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities are classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

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

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

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

Impairment of financial assets

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

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

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

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

De-recognition

All financial assets are de-recognised when the rights to receive cashflows from the assets have expired or the Trust has transferred substantially all of the risks and rewards of ownership. Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

NOTES TO THE ACCOUNTS (continued)

1.10 Leases

Finance leases

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

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

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income.

Operating leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Lease incentives are recognised initially in other liabilities on the statement of financial positionas a liability 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 component is separated from the building component and the classification for each is assessed separately.

1.11 Provisions

The NHS Foundation Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective for 31 March 2020:

Nominal rate Short-term Up to 5 years 0.51% Medium-term After 5 years up to 10 years 0.55% Long-term Exceeding 10 years 1.99%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective 31 March 2020:

Inflation rate Year 1 1.90% Year 2 2.00% Into perpetuity 2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.5% in real terms. .

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the NHS Foundation Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS Foundation Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the NHS Foundation Trust is disclosed at Note 15 but is not recognised in the NHS Foundation Trust's accounts.

Non-clinical risk pooling

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

NOTES TO THE ACCOUNTS (continued)

1.12 Contingencies

Contingent liabilities are not recognised, but are disclosed in note 19, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

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

1.13 Public dividend capital

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

A charge, reflecting the cost of capital utilised by the NHS Foundation Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS Foundation Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated and grant funded assets, (ii) average daily cash balances held with the Government Banking Services (GBS) and National Loan Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and (iii) any PDC dividend balance receivable or payable. In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the 'pre-audit' version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual accounts.

1.14 Value Added Tax

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

1.15 Corporation Tax

The NHS Foundation Trust has carried out a review of corporation tax liability on its non-healthcare activities. At present all activities are either ancillary to the Trust's patient care activity or are below the de minimus level at which corporation tax is due.

1.16 Third party assets

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

1.17 Description of Reserves

Revaluation Reserve relates to revaluation gains on the estate following valuations by the appointed Trust Valuer.
Income and Expenditure Reserve relates to accumulated surpluses by the Foundation Trust.

1.18 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.

Losses and Special Payments are disclosed in Note 25 and relate mainly to the bad debts and NHS Resolution policy excesses on third party and employer's liability claims against the Trust.

1.19 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

NOTES TO THE ACCOUNTS (continued)

1.20 Accounting Standards issued but not adopted

The DH GAM does not require the following Standards and Interpretations to be applied in 2019/20. These standards are still subject to HM Treasury FReM adoption, with IFRS 16 being for implementation in 2020/21:

IFRS 16 Leases

IFRS 16 Leases will replace *IAS 17 Leases*, *IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations and is applicable in the public sector for periods beginning 1 April 2021. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2021, the Trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 1.27% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2021 for existing finance leases.

For leases commencing in 2021/22, the trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

All other revised and new standards have not been listed here as they are not considered to have an impact on the Foundation Trust.

1.21 Critical accounting estimates and judgements

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 experiences and other factors considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. 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 is the revision affects both current and future periods.

Going Concern
Refer to note on going concern in section 1 - Accounting Policies.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations that management have made in the process of applying the Trust's accounting policies and that have made the most significant effect on the amounts recognised in the financial statements.

Impairments, estimated asset lives and revaluations

The Trust is required to review property, plant and equipment and investment properties for impairment. Between formal valuations by qualified surveyors, management make judgements about the condition of assets and review their estimated lives. Estimates are used to assess the fair value of land and buildings assets at each year end, in comparison to the carrying values, which may result in revaluation surpluses or deficits being recognised.

The valuation exercise was carried out in November 2019 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the valuer has declared a 'material uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19.
The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Valuation – Global Standards effective from 31 January 2020. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this portfolio under frequent review.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather, the phrase is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is a disclosure, not a disclaimer.

The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

NOTES TO THE ACCOUNTS (continued)

1.22 Other accounting estimates and judgements

Provisions

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

Provision for impairment of receivables

Management will use their judgement to decide when to write off revenue or to provide against the probability of not being able to collect debt.

Key sources of estimation uncertainty

Management has made the following critical judgements in the process of applying the entity's accounting policies where

this has had a significant effect on the amounts recognised in the accounts:

The use of estimated asset lives in calculating depreciation (see Notes 1.5 and 8) and professional valuations that can result in increases and decreases to property values. The estimated effect of increasing/decreasing the asset lives of buildings by +/- one year would decrease/increase annual depreciation by some £131k. The estimated effect of changing the indices used by the valuer in the estate valuation by +/- 5% would be an increase/decrease of £5,213k in the estate's value.

In the view of the Trust there are no further estimates or judgements which if wrong could materially affect financial performance. Final contract sums have been agreed with all Commissioners in respect of activity undertaken during 2019/20. This income is included in the Accounts.

1.23 Cash and Cash Equivalents

The Foundation Trust's cash is held primarily in the Government Banking Service. Small balances are maintained in a current account at Barclays plc.
The Poole Hospital Charitable Fund aims to spend all funds within a 2-3 year period and the Trustee has therefore decided to invest all of the charitable funds in short term fixed and instant access deposit accounts. The cash at the year-end is held in a deposit account at CCLA; fixed term deposits at Lloyds and Barclays and the balance is held in a deposit/current account at Barclays plc.

2 Operating Income

All Income from patient care activities relates to contract income recognised in line with accounting policy 1.2

2.1 Operating Income

Income from Patient Care Activities (by nature)	Group 2019/20 £000	Foundation Trust 2019/20 £000	Group 2018/19 £000	Foundation Trust 2018/19 £000
Elective income	28,589	28,589	27,045	27,045
Non elective income (Note 1)	93,179	93,179	80,620	80,620
First outpatient income	13,914	13,914	14,930	14,930
Follow up outpatient income	14,162	14,162	13,569	13,569
A & E income	10,733	10,733	9,190	9,190
High cost drugs income from commissioners	20,289	20,289	19,768	19,768
Other NHS Clinical Income (Note 1)	56,628	56,628	54,622	54,622
Private patient income	826	826	973	973
Additional pension contribution central funding (Note 2)	7,714	7,714	0	0
Other types of activity income	1,588	1,588	1,388	1,388
AfC pay award central funding	0	0	2,411	2,411
	247,622	247,622	224,516	224,516

Other Operating Income	2019/20 £000	2019/20 £000	2018/19 £000	2018/19 £000
Other operating income from contracts with customers:				
Education and training	8,602	8,602	8,933	8,933
Sustainability and Transformation Fund income (Note 3)	18,105	18,105	8,609	8,609
Non-patient care services to other bodies	9,227	9,227	7,339	7,339
NHS income for staff costs accounted on a gross basis	2,189	2,189	2,350	2,350
Research income	321	321	350	350
Income generation (Note 4)	2,370	2,370	2,156	2,156
Other income	3,648	3,648	2,988	2,988
Other non-contract operating income				
Cash donations for the purchase of capital assets - received from NHS charities	0	270	0	635
Charitable and other contributions to expenditure - received from NHS charities	0	1,032	0	271
Charitable and other contributions to expenditure - received from other bodies	527	527	702	702
NHS Charitable Funds: Incoming Resources excluding Investment Income	1,205	0	1,933	0
	46,194	46,291	35,360	34,333
Total Operating Income	293,816	293,913	259,876	258,849

Note 1. Reclassification of non-elective non-emergency income in 2018-19 from Other NHS Clinical income to non-elective income

Note 2. This income relates to the 6.3% central funding by NHSE in respect of employer contributions to the NHS Pension Fund.

Note 3. This income relates to funding from NHS England for the delivery of an agreed financial control total position and the delivery of agreed performance trajectories. Core funding in the year was £15,691k - comprising PSF £4,820k and FRF £10,871k (2018/19 £4,982k).

Note 4. Income generation relates mainly to restaurant income and car park income received by the Trust

2.2 Mandatory and Non-Mandatory Income from Activities

	2019/20 £000	2019/20 £000	2018/19 £000	2018/19 £000
Mandatory	245,208	245,208	222,155	222,155
Non-Mandatory	2,414	2,414	2,361	2,361
Actual	247,622	247,622	224,516	224,516

2.3 Income from Activities by Source

	Group 2019/20 £000	Foundation Trust 2019/20 £000	Group 2018/19 £000	Foundation Trust 2018/19 £000
CCGs and NHS England	244,747	244,747	219,424	219,424
Department of Health and Social Care	0	0	2,411	2,411
Local Authorities (see Note 2)	43	43	-	-
NHS Other	461	461	320	320
Non NHS: Private patients	826	826	973	973
Non-NHS: Overseas patients non-reciprocal (Note 3)	311	311	243	243
NHS injury scheme (see Note 4)	1,177	1,177	1,120	1,120
Non NHS: Other	57	57	25	25
	247,622	247,622	224,516	224,516

Note 1. Department of Health and Social Care Income 2018/19 related to a pay award.

Note 2. Local authority income relates mainly to the reimbursement of costs associated with delayed patient discharges.

Note 3. Overseas patient income for the year amounted to £311k (2018/19 £243k). Cash received amounted to £120k (2018/19 £165k) in respect of current and previous years' income. The amount added to the allowance for impairment of receivables in respect of current and prior years amounted to £39k (2018/19 £73k). The amounts written off in respect of current and prior years amounted to £1k (2018/19 £61k).

Note 4. NHS injury scheme income is subject to a provision for doubtful debts of 21.79% (2018/19 21.89%) to reflect expected rates of collection.

3 Operating Expenses and Operating Lease Costs

3.1 Operating Expenses (by type):

	Group 2019/20 £000	Foundation Trust 2019/20 £000	Group 2018/19 £000	Foundation Trust 2018/19 £000
Services from other Foundation Trusts	7,693	7,693	7,312	7,312
Services from NHS trusts	49	49	62	62
Services from other NHS bodies	170	170	163	163
Purchase of healthcare from non NHS bodies	1,234	1,234	271	271
Employee Expenses - Non Executive Directors' costs	124	124	137	137
Staff and executive directors costs (Note 4)	197,673	197,673	175,580	175,580
Redundancy - net charge after provisions	0	0	653	653
Supplies and services - clinical drugs	26,170	26,170	24,985	24,985
Supplies and services - clinical other	19,444	19,444	19,545	19,545
Supplies and services - general	6,118	6,118	5,679	5,679
Establishment	1,788	1,788	1,719	1,719
Transport - other (including patient travel)	318	318	248	248
Rentals under operating leases - minimum lease payments	39	39	49	49
Charges to operating expenditure for off-SoFP IFRIC 12 schemes	158	158	153	153
Premises	8,632	8,632	8,320	8,320
Movement in credit loss allowance: contract receivables/assets	129	129	56	56
Depreciation and amortisation	7,423	7,419	6,672	6,669
Impairment of property, plant and equipment	2,029	2,029	75	75
Audit fees - statutory audit (see Note a below)	70	64	64	58
Audit fees - other auditor remuneration (see Note a below)	41	41	46	46
Consultancy Costs	1,140	1,140	1,066	1,066
Internal Audit and Local Counter Fraud Services	90	90	99	99
Clinical negligence Insurance Costs	9,185	9,185	9,550	9,550
Other Services including External Payroll	1,819	1,819	1,538	1,538
Training and course fees etc.	812	812	706	706
Legal Fees	88	88	200	200
NHS Charitable Funds - Other resources expended	605	0	1,710	0
Other	227	227	1,671	1,671
	293,268	292,653	268,329	266,610

Note a. The Council of Governors has appointed KPMG LLP as external auditors of the Trust with effect from 6th April 2018.

The professional fees (excluding Vat) earned by KPMG LLP in the Audit of the Trust and Charity are as follows:

	2019/20 £000	2018/19 £000
Statutory Audit		
Financial Statement audit - Foundation Trust	51	47
Consolidation of Trust's Charitable Fund	1	1
Charity Accounts	5	5
Implementation of new standards	1	1
Total Statutory Audit Fee excluding Vat	58	54
Vat	12	10
Total Statutory Audit Fee including Vat	70	64
Non Audit Fees		
Quality Accounts work	2	6
Other advice	32	32
Non Audit Fees excluding Vat	34	38
Vat	7	8
Non Audit Fees including Vat	41	46
Total Audit Fees (including Vat)	110	110

3.2 Segmental Reporting

IFRS 8 defines the term of Chief Operating Decision Maker (CODM) as a group or individual whose 'function is to allocate resources to and assess the performance of the operating elements of the entity'. For the Trust, the most appropriate interpretation is that the Board of Directors represents the CODM. Operational performance is monitored at the monthly board meetings and key resource allocation decisions are agreed there.

Information is presented to the Board as a single operating segment and is under full IFRS. This mirrors the information that is submitted to NHS Improvement and enables the Board to make strategic decisions on the Annual Plan.

This information for the years ending 31st March 2020 and 31st March 2019 is shown in the table to this note.

The Trust generates the majority of its income from healthcare and related services. The information as displayed in the accounts reflects that which is submitted to the Board.

The Trust had two major customers during the year 2019/20 as follows: Dorset CCG and NHS England - Wessex Local Area Team, representing 60% and 25% of its total income respectively.

The comparative figures for 2018/19 were as follows: Dorset CCG and NHS England - Wessex Local Area Team, representing 65% and 23% of its total income respectively.

Summary of Key Financial Information (Foundation Trust)

	Year to 31 March 2020			Year to 31 March 2019		
	Actual	Original Plan	Variance	Actual	Original Plan	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Income	293,913	279,764	14,149	258,849	250,122	8,727
Operating Expenditure	283,205	268,457	(14,748)	259,864	245,857	(14,007)
EBITDA (Excl Charitable Income)	8,990	8,517	473	-2,625	5,412	(8,037)
EBITDA % (Excl. Charitable Income)	3.08%	3.08%		-1.02%	2.15%	
(Deficit)/Surplus before impairment	34	652	(618)	(10,960)	(4,053)	(6,907)
Impairment	(2,029)	0	(2,029)	(75)	0	(75)
(Deficit)/Surplus after impairment	(1,995)	652	(2,647)	(11,035)	(4,053)	(6,982)
Cost Improvement Savings	5,384	6,798	(1,414)	4,877	9,582	(4,705)
Cost Improvement Savings (Incl. income)	6,082	9,031	(2,949)	6,017	10,934	(4,917)
Cash Balance	7,073	1,249	5,824	5,471	1,249	4,222
Capital Expenditure	18,444	12,190	6,254	13,359	13,848	(489)

4 Employee costs and numbers

4.1 Employee Expenses

	Group 2019/20 Total	Foundation Trust 2019/20 Total	Group 2018/19 Total	Foundation Trust 2018/19 Total
	£000	£000	£000	£000
Salaries and wages	146,424	146,424	136,617	136,617
Social Security Costs	14,061	14,061	13,060	13,060
Apprenticeship levy	718	718	666	666
Employer contributions to NHS Pension Scheme	17,676	17,676	16,390	16,390
Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%)	7,714	7,714	0	0
Termination Payments	0	0	0	0
Agency/Contract Staff	11,080	11,080	8,847	8,847
NHS Charitable funds staff	0	0	0	0
	197,673	197,673	175,580	175,580

4.2 Average Number of Employees (Note 1)

	Group 2019/20 Total Number	Foundation Trust 2019/20 Total Number	Group 2018/19 Total Number	Foundation Trust 2018/19 Total Number
Medical and dental	507	507	448	448
Administration and estates	679	679	651	651
Healthcare assistants and other support staff	172	172	174	174
Nursing, midwifery and health visiting staff	1,911	1,911	1,767	1,767
Scientific, therapeutic and technical staff	354	354	334	334
Healthcare Scientists	26	26	33	33
Other	365	365	355	355
Total	4,014	4,014	3,762	3,762

of which 3,513 are permanent staff and 501 are other staff

Note 1. Average number of employees includes bank and agency staff numbers which are estimated based on the average equivalent cost of similar NHS staff positions. All staff numbers relate to the Foundation Trust. All staff working for the NHS Charity have contracts of employment with the Foundation Trust.

4.3 Employee Benefits

No additional benefits were paid to staff in the financial periods.

4.4 Retirements due to ill-health

During 2019/20 there were three (2018/19 three) early retirements on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £159k (2018/19 £197k). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division. This information has been supplied by NHS Pensions.

4 Employee costs and numbers - continued

4.5 Staff Exit Packages (Group and Foundation Trust - see Notes a)

	2019/20								2018/19	
Exit package cost band	Number of Compulsory Redundancies	Cost of Compulsory Redundancies £000	Number of Other Departures Agreed	Cost of Other Departures Agreed £000	Total Number of Exit Packages	Total Cost of Exit Packages £000	Number of departures where special payments have been made	Cost of special payment element included in Exit Packages £000	Total Number	Total Cost (see Note a) £000
Less than £10,000	0	0	18	58	18	58	0	0	14	54
Between £10,000 and £25,000	0	0	2	35	2	35	0	0	3	32
Between £25,001 and £50,000	0	0	0	0	0	0	0	0	0	0
Between £50,001 and £100,000	0	0	0	0	0	0	0	0	0	0
Between £150,001 and £200,000	0	0	0	0	0	0	0	0	0	0
Total	0	0	20	93	20	93	0	0	17	86

Note a. - All Charity staff have contracts of employment with the Foundation Trust. There were no exit packages in the Charity Account and all the figures above relate to the Foundation Trust.

4.6 Remuneration of Directors - Foundation Trust (see Notes b and c)

	Total	Benefits in Kind	2019/20 Employer's Pension Contributions	Employer's National Insurance	Remuneration
	£000	£000	£000	£000	£000
Executive Directors	977	0	92	101	784
Non Executive Directors	124	0	0	8	116
Total	1,101	0	92	109	900

	Total	Benefits in Kind	2018/19 Employer's Pension Contributions	Employer's National Insurance	Remuneration
	£000	£000	£000	£000	£000
Executive Directors	1,202	0	100	111	991
Non Executive Directors	137	0	0	10	127
Total	1,339	0	100	121	1,118

Note b: The detail of the Directors' remuneration has been disclosed in the 2019/20 remuneration report within the Annual Report of the Foundation Trust. The above sums reflect actual payments made in the year.

Note c: All the costs in respect of the Remuneration of Directors above relate to the Foundation Trust. No additional sums were paid by the Charity to the Directors.

5 Finance Income

	Group 2019/20 £000	Foundation Trust 2019/20 £000	Group 2018/19 £000	Foundation Trust 2018/19 £000
Interest on Loans and Receivables	97	97	82	82
NHS Charitable Funds Investment Income	53	0	58	0
	150	97	140	82

6 Finance Costs - Interest Expense

	Group 2019/20 £000	Foundation Trust 2019/20 £000	Group 2018/19 £000	Foundation Trust 2018/19 £000
Capital loans from the Department of Health and Social Care	340	340	374	374
Revenue support loans from the Department of Health and Social Care	255	255	53	53
Finance Leases	3	3	3	3
Unwinding of discount (see Note 15)	2	2	1	1
	600	600	431	431

7 Intangible Assets

	Group 2019/20		Foundation Trust 2019/20	
	Software licences £000	Total £000	Software licences £000	Total £000
Gross cost at 1 April 2019	6,356	6,356	6,356	6,356
Additions - Purchased	663	663	663	663
Additions - Donated	0	0	0	0
Gross cost at 31 March 2020	7,019	7,019	7,019	7,019
Amortisation at 1 April 2019	4,716	4,716	4,716	4,716
Charged during the year	685	685	685	685
Amortisation at 31 March 2020	5,401	5,401	5,401	5,401
Net book value				
- Purchased at 1 April 2019	1,580	1,580	1,580	1,580
- Donated at 1 April 2019	60	60	60	60
- Total at 1 April 2019	1,640	1,640	1,640	1,640
- Purchased at 31 March 2020	1,590	1,590	1,590	1,590
- Donated at 31 March 2020	28	28	28	28
- Total at 31 March 2020	1,618	1,618	1,618	1,618

Note No intangible assets are held by the Charity and all the figures quoted relate to the Foundation Trust

Intangible Assets

	Group 2018/19		Foundation Trust 2018/19	
	Software licences £000	Total £000	Software licences £000	Total £000
Gross cost at 31 March 2018	5,916	5,916	5,916	5,916
Additions - Purchased	440	440	440	440
Additions - Donated	0	0	0	0
Gross cost at 31 March 2019	6,356	6,356	6,356	6,356
Amortisation at 31 March 2018	3,986	3,986	3,986	3,986
Charged during the year	730	730	730	730
Amortisation at 31 March 2019	4,716	4,716	4,716	4,716
Net book value				
- Purchased at 1 April 2018	2,183	2,183	2,183	2,183
- Donated at 1 April 2018	208	208	208	208
- Total at 1 April 2018	2,391	2,391	2,391	2,391
- Purchased at 31 March 2019	1,580	1,580	1,580	1,580
- Donated at 31 March 2019	60	60	60	60
- Total at 31 March 2019	1,640	1,640	1,640	1,640

Note No intangible assets are held by the Charity and all the figures quoted relate to the Foundation Trust

8.1 Property, Plant and Equipment 2019/20 Group

Property, Plant and Equipment at the Statement of Financial Position date comprise the following elements:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	NHS Charitable Fund Assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2019	9,373	105,281	1,773	4,536	59,269	17	18,865	485	204	199,803
Additions purchased	0	2,109	0	9,137	4,482	0	1,706	0	0	17,434
Additions donated (Note 1)	0	0	0	0	270	0	0	0	0	270
Additions leased	0	0	0	0	77	0	0	0	0	77
Revaluations (Notes 3 and 4)	840	(5,978)	134	0	0	0	0	0	1	(5,003)
Reclassifications	0	(7)	0	0	7	0	0	0	0	0
Impairments	0	(2,029)	0	0	0	0	0	0	0	(2,029)
Disposals	0	0	0	0	(1,184)	0	0	0	0	(1,184)
Cost or Valuation at 31 March 2020	10,213	99,376	1,907	13,673	62,921	17	20,571	485	205	209,368
Depreciation at 1 April 2019	0	2,374	41	0	40,770	17	14,383	472	3	58,060
Charged during the year	0	2,839	61	0	2,820	0	1,012	2	4	6,738
Impairments (Note 3)	0	0	0	0	0	0	0	0	0	0
Revaluations (Notes 3 and 4)	0	(5,213)	(102)	0	0	0	0	0	(7)	(5,322)
Disposals	0	0	0	0	(1,184)	0	0	0	0	(1,184)
Depreciation at 31 March 2020	0	0	0	0	42,406	17	15,395	474	0	58,292
Net book value										
- Purchased at 31 March 2019	9,373	95,587	1,732	4,536	14,861	0	4,482	13	201	130,785
- Donated at 31 March 2019	0	7,320	0	0	3,610	0	0	0	0	10,930
- Finance Lease at 31 March 2019	0	0	0	0	28	0	0	0	0	28
- Total at 31 March 2019	9,373	102,907	1,732	4,536	18,499	0	4,482	13	201	141,743
- Purchased at 31 March 2020	10,213	92,018	1,907	13,673	17,165	0	5,176	11	205	140,368
- Donated at 31 March 2020	0	7,358	0	0	3,291	0	0	0	0	10,649
- Finance Lease at 31 March 2020	0	0	0	0	59	0	0	0	0	59
- Total at 31 March 2020	10,213	99,376	1,907	13,673	20,515	0	5,176	11	205	151,076

8.2 Analysis of Property, Plant and Equipment at 31 March 2020

Net book value (Note 2)										
- NBV - Protected assets at 31 March 2020	10,213	99,376	1,907	0	0	0	0	0	205	111,701
- NBV - Unprotected assets at 31 March 2020	0	0	0	13,673	20,515	0	5,176	11	0	39,375
- Total at 31 March 2020	10,213	99,376	1,907	13,673	20,515	0	5,176	11	205	151,076

Note 1. The value of donated assets purchased during the year is similar to the fair value of these assets. There were no restrictions imposed by the donor in respect of these assets.

Note 2. Of the totals at 31 March 2020, £965k related to land valued at open market value and £1,907k related to buildings valued at open market value.

Note 3. The Impairments in the year arose due to the revaluation of the estate by the Trust Valuer.

Note 4. The indices used in the revaluation of the estate were the Building Cost Information (BCIS) for Q1 2020.

8.3 Property, Plant and Equipment 2018/19 Group

Property, Plant and Equipment at the Statement of Financial Position date comprise the following elements:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	NHS Charitable Fund assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2018	9,373	97,780	1,773	7,591	52,188	17	17,473	485	204	186,884
Additions purchased	0	3,405	0	1,335	6,152	0	1,392	0	0	12,284
Additions donated (Note 1)	0	10	0	0	625	0	0	0	0	635
Additions leased	0	0	0	0	0	0	0	0	0	0
Revaluations (Note 3)	0	0	0	0	0	0	0	0	0	0
Reclassifications	0	4,086	0	(4,390)	304	0	0	0	0	0
Impairments (Note 3)	0	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0	0
Cost or Valuation at 31 March 2019	9,373	105,281	1,773	4,536	59,269	17	18,865	485	204	199,803
Depreciation at 1 April 2018	0	0	0	0	38,255	17	13,301	470	0	52,043
Charged during the year	0	2,299	41	0	2,515	0	1,082	2	3	5,942
Impairments	0	75	0	0	0	0	0	0	0	75
Revaluations	0	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0	0
Depreciation at 31 March 2019	0	2,374	41	0	40,770	17	14,383	472	3	58,060
Net book value										
- Purchased at 31 March 2018	9,373	91,504	1,773	6,260	10,400	0	4,172	15	204	123,701
- Donated at 31 March 2018	0	6,276	0	1,331	3,459	0	0	0	0	11,066
- Finance Lease at 31 March 2018	0	0	0	0	74	0	0	0	0	74
- Total at 31 March 2018	9,373	97,780	1,773	7,591	13,933	0	4,172	15	204	134,841
- Purchased at 31 March 2019	9,373	95,587	1,732	4,536	14,861	0	4,482	13	201	130,785
- Donated at 31 March 2019	0	7,320	0	0	3,610	0	0	0	0	10,930
- Finance Lease at 31 March 2019	0	0	0	0	28	0	0	0	0	28
- Total at 31 March 2019	9,373	102,907	1,732	4,536	18,499	0	4,482	13	201	141,743

8.4 Analysis of Property, Plant and Equipment at 31 March 2018

Net book value (Note 2)										
- NBV - Protected assets at 31 March 2018	9,373	102,907	1,732	0	0	0	0	0	201	114,213
- NBV - Unprotected assets at 31 March 2018	0	0	0	4,536	18,499	0	4,482	13	0	27,530
- Total at 31 March 2018	9,373	102,907	1,732	4,536	18,499	0	4,482	13	201	141,743

Note 1. The value of donated assets purchased during the year is similar to the fair value of these assets. There were no restrictions imposed by the donor in respect of these assets.

Note 2. Of the totals at 31 March 2019, £988k related to land valued at open market value and £1,732k related to buildings valued at open market value.

Note 3. The Impairmentsmovement in the year arose due to the revaluation of a Linear Accelerator Bunker.

8.5 Property, Plant and Equipment 2019/20 Foundation Trust

Property, Plant and Equipment at the Statement of Financial Position date comprise the following elements:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2019	9,373	105,281	1,773	4,536	59,269	17	18,865	485	199,599
Additions purchased	0	2,109	0	9,137	4,482	0	1,706	0	17,434
Additions donated (Note 1)	0	0	0	0	270	0	0	0	270
Additions leased	0	0	0	0	77	0	0	0	77
Revaluations (Notes 3 and 4)	840	(5,978)	134	0	0	0	0	0	(5,004)
Reclassifications	0	(7)	0	0	7	0	0	0	0
Impairments (Note 3)	0	(2,029)	0	0	0	0	0	0	(2,029)
Disposals	0	0	0	0	(1,184)	0	0	0	(1,184)
Cost or Valuation at 31 March 2020	10,213	99,376	1,907	13,673	62,921	17	20,571	485	209,163
Depreciation at 1 April 2019	0	2,374	41	0	40,770	17	14,383	472	58,057
Charged during the year	0	2,839	61	0	2,820	0	1,012	2	6,734
Impairments (Note 3)	0	0	0	0	0	0	0	0	0
Revaluations (Notes 3 and 4)	0	(5,213)	(102)	0	0	0	0	0	(5,315)
Disposals	0	0	0	0	(1,184)	0	0	0	(1,184)
Depreciation at 31 March 2020	0	0	0	0	42,406	17	15,395	474	58,292
Net book value									
- Purchased at 31 March 2019	9,373	95,587	1,732	4,536	14,861	0	4,482	13	130,584
- Donated at 31 March 2019	0	7,320	0	0	3,610	0	0	0	10,930
- Finance Lease at 31 March 2019	0	0	0	0	28	0	0	0	28
- Total at 31 March 2019	9,373	102,907	1,732	4,536	18,499	0	4,482	13	141,542
- Purchased at 31 March 2020	10,213	92,018	1,907	13,673	17,165	0	5,176	11	140,163
- Donated at 31 March 2020	0	7,358	0	0	3,291	0	0	0	10,649
- Finance Lease at 31 March 2020	0	0	0	0	59	0	0	0	59
- Total at 31 March 2020	10,213	99,376	1,907	13,673	20,515	0	5,176	11	150,871

8.6 Analysis of Property, Plant and Equipment at 31 March 2020

Net book value (Note 2)									
- NBV - Protected assets at 31 March 2020	10,213	99,376	1,907	0	0	0	0	0	111,496
- NBV - Unprotected assets at 31 March 2020	0	0	0	13,673	20,515	0	5,176	11	39,375
- Total at 31 March 2020	10,213	99,376	1,907	13,673	20,515	0	5,176	11	150,871

Note 1. The value of donated assets purchased during the year is similar to the fair value of these assets. There were no restrictions imposed by the donor in respect of these assets.

Note 2. Of the totals at 31 March 2020, £965k related to land valued at open market value and £1,907k related to buildings valued at open market value.

Note 3. The Impairments in the year arose due to the revaluation of the estate by the Trust Valuer.

Note 4. The indices used in the revaluation of the estate were the Building Cost Information (BCIS) for Q1 2020.

8.7 Property, Plant and Equipment 2018/19 Foundation Trust

Property, Plant and Equipment at the Statement of Financial Position date comprise the following elements:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2018	9,373	97,780	1,773	7,591	52,188	17	17,473	485	186,680
Additions purchased	0	3,405	0	1,335	6,152	0	1,392	0	12,284
Additions donated (Note 1)	0	10	0	0	625	0	0	0	635
Additions leased	0	0	0	0	0	0	0	0	0
Revaluations (Note 2)	0	0	0	0	0	0	0	0	0
Reclassifications	0	4,086	0	(4,390)	304	0	0	0	0
Impairments (Note 2)	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Cost or Valuation at 31 March 2019	9,373	105,281	1,773	4,536	59,269	17	18,865	485	199,599
Depreciation at 1 April 2018	0	0	0	0	38,255	17	13,301	470	52,043
Charged during the year	0	2,299	41	0	2,515	0	1,082	2	5,939
Impairments	0	75	0	0	0	0	0	0	75
Revaluations	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Depreciation at 31 March 2019	0	2,374	41	0	40,770	17	14,383	472	58,057
Net book value									
- Purchased at 31 March 2018	9,373	91,504	1,773	6,260	10,400	0	4,172	15	123,497
- Donated at 31 March 2018	0	6,276	0	1,331	3,459	0	0	0	11,066
- Finance Lease at 31 March 2018	0	0	0	0	74	0	0	0	74
- Total at 31 March 2018	9,373	97,780	1,773	7,591	13,933	0	4,172	15	134,637
- Purchased at 31 March 2019	9,373	95,587	1,732	4,536	14,861	0	4,482	13	130,584
- Donated at 31 March 2019	0	7,320	0	0	3,610	0	0	0	10,930
- Finance Lease at 31 March 2019	0	0	0	0	28	0	0	0	28
- Total at 31 March 2019	9,373	102,907	1,732	4,536	18,499	0	4,482	13	141,542

8.8 Analysis of Property, Plant and Equipment at 31 March 2019

Net book value (Note 2)									
- NBV - Protected assets at 31 March 2019	9,373	102,907	1,732	0	0	0	0	0	114,012
- NBV - Unprotected assets at 31 March 2019	0	0	0	4,536	18,499	0	4,482	13	27,530
- Total at 31 March 2019	9,373	102,907	1,732	4,536	18,499	0	4,482	13	141,542

Note 1. The value of donated assets purchased during the year is similar to the fair value of these assets. There were no restrictions imposed by the donor in respect of these assets.

Note 2. Of the totals at 31 March 2019, £988k related to land valued at open market value and £1,732k related to buildings valued at open market value.

Note 3. The Impairments movement in the year arose due to the revaluation of a Linear Accelerator Bunker.

Note 4. The indices used in the revaluation of the estate were the Building Cost Information (BCIS) for Q1 2018.

8.9 The net book value of Property, Plant and Equipment at 31 March 2018 comprises:

	Group 31 March 2020	Foundation Trust 31 March 2020	Group 31 March 2019	Foundation Trust 31 March 2019
	£000	£000	£000	£000
Freehold				
Protected	111,701	111,496	114,213	114,012
Unprotected	39,375	39,375	27,530	27,530
TOTAL	**151,076**	**150,871**	**141,743**	**141,542**

9 Net book value of assets held under finance leases - Group and Foundation Trust

Property, Plant and Equipment at the Statement of Financial Position date held under finance leases:

	Plant and machinery	Total
	£000	£000
Cost or valuation at 1 April 2019	321	321
Disposals during the year	(321)	(321)
Additions during the year	77	77
Cost or Valuation at 31 March 2020	**77**	**77**
Depreciation at 1 April 2019	293	293
Disposals during the year	(321)	(321)
Charged during the year	46	46
Depreciation at 31 March 2020	**18**	**18**
Net book value		
- Purchased at 1 April 2019	28	28
- Total at 1 April 2019	**28**	**28**
- Purchased at 31 March 2020	59	59
- Total at 31 March 2020	**59**	**59**

Finance leases relate to medical equipment assets. All finance leases relate to the Foundation Trust.

10 Inventories	Group 31 March 2020 £000	Foundation Trust 31 March 2020 £000	Group 31 March 2019 £000	Foundation Trust 31 March 2019 £000
Consumables	2,809	2,809	2,179	2,179
TOTAL	2,809	2,809	2,179	2,179

Note: all inventories relate to the Foundation Trust

11 Trade receivables and other receivables (Group) Note a.

11.1 Current	Total 31 March 2020 £000	Financial Assets 31 March 2020 £000	Non-financial Assets 31 March 2020 £000	Total 31 March 2019 £000	Financial Assets 31 March 2019 £000	Non-financial Assets 31 March 2019 £000
Contract receivables (IFRS 15): invoiced - NHS bodies	9,173	9,173	0	6,969	6,969	0
Contract receivables (IFRS 15): not yet invoiced - NHS bodies	6,777	6,777	0	4,441	4,441	0
Contract receivables (IFRS 15): invoiced - external to Government	1,552	1,552	0	1,101	1,101	0
Contract receivables (IFRS 15): not yet invoiced - external to Government	2,277	2,277	0	1,964	1,964	0
Clinician pension tax provision reimbursement funding from NHSE	0	0	0			
Allowance for impaired contract receivables	(936)	(936)	0	(518)	(518)	0
Prepayments	2,251	0	2,251	2,717	0	2,717
NHS Charitable Funds: Trade and other receivables	639	639	0	976	976	0
VAT receivable	356	0	356	515	0	515
PDC dividend receivable	89	0	89	215	0	215
Interest receivable	4	4	0	5	5	0
Total Current Trade and Other Receivables	22,482	19,786	2,696	18,385	14,938	3,447
11.2 Non-Current						
Allowance for impaired contract receivables	(247)	(247)	0	(340)	(340)	0
Contract receivables (IFRS 15): not yet invoiced - non NHS and other WGA bodies	1,591	1,591	0	1,555	1,555	0
Clinician pension tax provision reimbursement funding from NHSE	672	672	0	0	0	0
Total Non Current Trade and Other Receivables	1,916	1,916	0	1,215	1,215	0

11.3 Allowance for impaired contract receivables

	2019/20 £000	2018/19 £000
At 1 April 2019 (1 April 2018)	858	869
Increase in provision	129	56
Utilisation of allowances (where receivable is written off)	(4)	(67)
At 31 March 2020 (31 March 2019)	983	858

11.4 Trade receivables and other receivables (Foundation Trust) Note a.

Current	Total 31 March 2020 £000	Financial Assets 31 March 2020 £000	Non-financial Assets 31 March 2020 £000	Total 31 March 2019 £000	Financial Assets 31 March 2019 £000	Non-financial Assets 31 March 2019 £000
Contract receivables (IFRS 15): invoiced - NHS bodies	9,173	9,173	0	6,969	6,969	0
Contract receivables (IFRS 15): not yet invoiced - NHS bodies	6,944	6,944	0	4,441	4,441	0
Contract receivables (IFRS 15): invoiced - external to NHS	1,552	1,552	0	1,101	1,101	0
Contract receivables (IFRS 15): not yet invoiced - external to NHS	2,110	2,110	0	1,964	1,964	0
Contract receivables (IFRS 15): invoiced - NHS charitable funds	167	167	0	0	0	0
Clinician pension tax provision reimbursement funding from NHSE	0	0	0	0	0	0
Allowance for impaired contract receivables	(636)	(636)	0	(518)	(518)	0
Prepayments	2,251	0	2,251	2,717	0	2,717
VAT receivable	356	0	356	515	0	515
PDC dividend receivable	89	0	89	215	0	215
Interest receivable	4	4	0	5	5	0
Total Current Trade and Other Receivables	**22,010**	**19,314**	**2,696**	**17,409**	**13,962**	**3,447**
Non-Current						
Allowance for impaired contract receivables	(347)	(347)	0	(340)	(340)	0
Contract receivables (IFRS 15): not yet invoiced - non NHS and other WGA bodies	1,591	1,591	0	1,555	1,555	0
Clinician pension tax provision reimbursement funding from NHSE	672	672	0	0	0	0
Total Non Current Trade and Other Receivables	**1,916**	**1,916**	**0**	**1,215**	**1,215**	**0**

11.5 Allowance for impaired contract receivables

	2019/20 £000	2018/19 £000
At 1 April 2019 (1 April 2018)	**858**	**869**
Increase in provision	129	56
Utilisation of allowances (where receivable is written off)	(4)	(67)
At 31 March 2020 (31 March 2019)	**983**	**858**

12 Current and Non Current Liabilities

12.1 Trade and other payables (Group)

Current	Total 31 March 2020 £000	Financial Liabilities 31 March 2020 £000	Non-financial Liabilities 31 March 2020 £000	Total 31 March 2019 £000	Financial Liabilities 31 March 2019 £000	Non-financial Liabilities 31 March 2019 £000
Receipts in advance	348	0	348	216	0	216
NHS payables - capital	0	0	0	0	0	0
NHS payables - revenue	8,420	8,420	0	4,071	4,071	0
PDC payable	0	0	0	0	0	0
Amounts due to other related parties	2,599	2,599	0	2,464	2,464	0
Trade payables - capital	5,382	5,382	0	5,647	5,647	0
Other trade payables (Note a)	7,405	7,405	0	8,655	8,655	0
Taxes payable	3,829	0	3,829	3,658	0	3,658
Other payables	199	199	0	286	286	0
Accruals	5,666	5,666	0	5,677	5,677	0
NHS Charitable Funds - trade and other payables	162	162	0	159	159	0
Total Current Trade and Other Payables	**34,010**	**29,833**	**4,177**	**30,833**	**26,959**	**3,874**

12.2 Trade and other payables (Foundation Trust)

Current	Total 31 March 2020 £000	Financial Liabilities 31 March 2020 £000	Non-financial Liabilities 31 March 2020 £000	Total 31 March 2019 £000	Financial Liabilities 31 March 2019 £000	Non-financial Liabilities 31 March 2019 £000
Receipts in advance	348	0	348	216	0	216
NHS payables - capital	0	0	0	0	0	0
NHS payables - revenue	8,420	8,420	0	4,071	4,071	0
PDC payable	0	0	0	0	0	0
Amounts due to other related parties	2,599	2,599	0	2,464	2,464	0
Trade payables - capital	5,382	5,382	0	5,647	5,647	0
Other trade payables (Note a)	7,405	7,405	0	8,655	8,655	0
Taxes payable	3,829	0	3,829	3,658	0	3,658
Other payables	199	199	0	286	286	0
Accruals	5,666	5,666	0	5,677	5,677	0
NHS Charitable Funds - trade and other payables	0	0	0	653	653	0
Total Current Trade and Other Payables	**33,848**	**29,671**	**4,177**	**31,327**	**27,453**	**3,874**

12.3 Other Liabilities (Group and Foundation Trust)

	Group 31 March 2020 £000	Foundation Trust 31 March 2020 £000	Group 31 March 2019 £000	Foundation Trust 31 March 2019 £000
Deferred Income	549	549	843	843
TOTAL	**549**	**549**	**843**	**843**

13 Borrowings

	Group 31 March 2020 £000	Foundation Trust 31 March 2020 £000	Group 31 March 2019 £000	Foundation Trust 31 March 2019 £000
Current				
Capital loans from Department of Health and Social Care (Note a, b and c)	4,970	4,970	1,920	1,920
Revenue support /working capital loans from Department of Health and Social Care (Note d)	21,587	21,587	19	19
Other loans (Note e)	277	277	296	296
Obligations under finance leases	31	31	27	27
Total Other Current Liabilities	26,865	26,865	2,262	2,262
Non-current				
Capital loans from Department of Health and Social Care (Note a, b and c)	11,781	11,781	13,619	13,619
Revenue support/working capital loans from Department of Health and Social Care (Note d)	0	0	9,610	9,610
Other loans (Note e)	388	388	666	666
Obligations under finance leases	29	29	0	0
Total Other Non- Current Liabilities	12,198	12,198	23,895	23,895

Note a. During 2014/15 the Trust agreed a loan facility of £20 million with the Department of Health and Social Care (DHSC) to fund capital schemes over a three/four year period. £10.9m of this facility is repayable within 10 years from the date of drawdown at an annual interest rate of 1.93%. The remaining £9.1m is repayable over 20 years from the date of drawdown at an annual interest rate of 2.63%. £1.6m was drawn down during the year to fund 2018/19 capital schemes. £6.65 million of this facility was drawn down during 2017/18. £3.0 million of this facility was drawn down in 2016/17, £3.95 million was drawn down in 2015/16 and £4.8 million was drawn down in 2014/15. £1,837k of this loan facility was repaid in 2019/20 (2018/19 £1,837k).

Note b. During 2019/20 the Trust agreed a loan facility of £14,797k with the DHSC to fund the Hospital Theatres development at an interest rate of 0.88% and is repayable over 25 years from the date of drawdown. £1,500k was drawn down during the year to fund 2019/20 capital schemes. Subsequent to the balance sheet date this loan was deemed repayable during 2020/21 and will be converted to Public Dividend Capital.

Note c. During 2019/20 the Trust agreed a loan facility of £1,555k with the DHSC to fund the purchase of a gamma camera at an interest rate of 0.24% and is repayable over 10 years from the date of drawdown. The full amount of £1,555k was drawn down during the year to fund 2019/20 capital scheme Subsequent to the balance sheet date this loan was deemed repayable during 2020/21 and will be converted to Public Dividend Capital.

Note d. During the year the Trust agreed revenue further support/working capital loans of £11.914k (2018/19 £9.610k) with the Department of Health and Social Care. Subsequent to the balance sheet date these loans were deemed repayable during 2020/21 and will be converted to Public Dividend Capital.

Note e. During 2015/16 the Trust agreed an interest free loan facility of £1,441k with Salix, which is capital available to the public sector to fund energy efficient schemes, such as lighting upgrades, CHP etc. The loan is repayable over a five year period. The full amount of £1,441k was drown down by 31st March 2017. £296k of this facility was repaid in 2019/20 (2018/19 £296k).

Details of the phasing of repayments on borrowings shown above are as follows: due within one year £28,865k; due within two to five years £7,766k; over five years £4,432k

All borrowings relate to the Foundation Trust.

Post Balance Sheet Event

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers. Outstanding interim loans totalling £24,644k (interim loan principal and interest accrual as at 31 March 2020) in these financial statements have been classified as current as they will be repayable within 12 months

14 Finance Lease Obligations - Group and Foundation Trust

	Minimum Lease Payments		Present Value of Minimum Lease Payments At 31	
	At 31 March 2020 £000	At 31 March 2019 £000	March 2020 £000	At 31 March 2019 £000
Gross lease liabilities				
of which liabilities are due:				
not later than one year;	31	27	31	27
later than one year and not later than five years;	29	0	29	0
later than five years;	0	0	0	0
Finance charges allocated to future periods	0	0	0	0
Total Gross Lease Liabilities	60	27	60	27
Net lease liabilities				
not later than one year;	31	27	31	27
later than one year and not later than five years;	29	0	29	0
later than five years;	0	0	0	0
Total net lease liabilities	60	27	60	27

Note: Finance Leases relate mainly to medical equipment assets. All finance leases relate to the Foundation Trust.

15 Provisions for Liabilities and Charges (see Note a)

Current	Group 31 March 2020 £000	Foundation Trust 31 March 2020 £000	Group 31 March 2019 £000	Foundation Trust 31 March 2019 £000
Pensions - early departure costs	13	13	12	12
Pensions- injury benefits	58	58	37	37
Other legal claims	70	70	71	71
Redundancy	0	0	648	648
Clinician pension tax provision reimbursement funding from NHSE Note (b)	0	0	0	0
Other	0	0	381	381
Total Current Provisions for Liabilities and Charges	**141**	**141**	**1,149**	**1,149**
Non-current				
Pensions- Early departure costs	83	83	86	86
Pensions- Injury benefits	1,291	1,291	741	741
Clinician pension tax provision reimbursement funding from NHSE Note (b)	672	672	0	0
Total Non-current Provisions for Liabilities and Charges	**2,046**	**2,046**	**827**	**827**

Note a: All provisions relate to the Foundation Trust and the Charity had no provisions in its accounts.

Note b: This relates to possible consultants' tax liabilities arising from exceeding marginal pension thresholds and will be funded centrally

Provisions for liabilities and charges

	31 March 2020 Pensions - early departure costs Note 1 £000	Pensions - injury benefits costs Note 1 £000	Other legal claims Note 2 £000	Redundancy £000	Clinician pension tax reimbursement £000	Other £000	Total £000
At 1 April 2019	98	778	71	648	0	381	1,976
Change in the discount rate	0	67	0	0	0	0	67
Arising during the period	11	642	52	0	672	0	1,377
Utilised during the period	(13)	(140)	(18)	0	0	0	(171)
Reversed unused	0	0	(32)	(648)	0	(381)	(1,064)
Unwinding of discount	0	2	0	0	0	0	2
At 31 March 2020	**96**	**1,349**	**70**	**0**	**672**	**0**	**2,187**
At 1 April 2018	99	724	61	0	0	0	904
Change in the discount rate	0	(16)	0	0	0	0	(16)
Arising during the period	11	96	48	648	0	381	1,184
Utilised during the period	(12)	(27)	(53)	0	0	0	(92)
Reversed unused	0	0	(5)	0	0	0	(5)
Unwinding of discount	0	1	0	0	0	0	1
At 31 March 2019	**98**	**778**	**71**	**648**	**0**	**381**	**1,976**
Expected timing of cashflows at 31 March 2020:							
Not later than one year	13	58	70	0	0	0	141
Later than one year and not later than five years	50	234	0	0	0	0	284
Later than five years	33	1,057	0	0	672	0	1,762
Total	**96**	**1,349**	**70**	**0**	**672**	**0**	**2,187**

Note 1. Pension early departure costs relate to the estimated actuarial pension liabilities in respect of staff who retired due to sickness, injury or redundancy prior to 2004

Note 2. Legal claims relate to employer and third party liability claims against the Trust.

Clinical Negligence Liabilities:

£161,077k is included in the provisions of NHS Resolution at 31 March 2020 in respect of clinical negligence liabilities of the NHS Trust (31 March 2019 £168,178k).

Non Clinical Liabilities

Refer to Note 19 re Contingent Liabilities for Non Clinical claims.

16 Cash and Cash Equivalents

	Group 31 March 2020 £000	Foundation Trust 31 March 2020 £000	Group 31 March 2019 £000	Foundation Trust 31 March 2019 £000
Balance at 1 April 2019 (1 April 2018)	14,317	5,471	11,957	2,999
Net change in year - Foundation Trust	1,602	1,602	2,472	2,472
Net change in year - Charitable Funds	505	0	(112)	0
Balance at 31 March 2020 (31 March 2019)	16,424	7,073	14,317	5,471
Broken down into:				
Cash at commercial banks and in hand - Foundation Trust	89	89	174	174
Cash at commercial banks and in hand - Charitable Funds	9,351	0	8,846	0
Cash with the Government Banking Service - Foundation Trust	6,984	6,984	5,297	5,297
Cash and Cash Equivalents as in SoFP and SoCF at 31 March 2020 (31 March 2019)	16,424	7,073	14,317	5,471

17 Contractual Capital Commitments

	Group 31 March 2020 £000	Foundation Trust 31 March 2020 £000	Group 31 March 2019 £000	Foundation Trust 31 March 2019 £000
Property, Plant and Equipment	2,263	2,263	1,032	1,032
Total at 31 March 2020 (31 March 2019)	2,263	2,263	1,032	1,032

18 Events after the Reporting Period

Subsequent to the balance sheet date all interim support loans and interim capital capital loans were deemed to be repayable within one year and will be converted to Public Dividend Capital in 2020/21 (refer to Note 13). There were no other events after the reporting period having a material effect on the accounts.

19 Contingent Liabilities

	Group 31 March 2020 £000	Foundation Trust 31 March 2020 £000	Group 31 March 2019 £000	Foundation Trust 31 March 2019 £000
Gross value of contingent liabilities	(41)	(41)	(37)	(37)
Total Contingent Liabilities	(41)	(41)	(37)	(37)

The above contingency relates to the Liabilities to Third Party Scheme (LTPS) administered by NHS Resolution on behalf of the Trust. NHS Resolution is currently resolving a total of 15 (2018/19 12) claims made against the Trust and the above represents their view of the net amount the Trust would have to pay if cases provided for were to be settled in favour of the claimant.

20 Related Party Transactions (Foundation Trust)

Poole Hospital NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health and Social Care.

During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with Poole Hospital NHS Foundation Trust, with the exception of the contractual pay which has been disclosed in the Remuneration Report within the Directors' Report.

The Department of Health and Social Care and any other body within the Whole of Government Accounts is regarded as a related party. During the year Poole Hospital NHS Foundation Trust has had a significant number of material transactions with the Department and with other entities as follows:

The Foundation Trust is anticipating similar levels of income from Dorset and NHS England CCG's for 2019/20 and would expect to carry out similar services for this level of income.

There were no significant transactions or debtor/creditor balances between the Poole Hospital Charity and the related parties of the Foundation Trust.

	2019/20		2018/19	
20.1 Value of Transactions with Other Related Parties (Foundation Trust)	Income £'000	Expenditure £'000	Income £'000	Expenditure £'000
NHS Dorset CCG	176,667	241	162,866	184
NHS England	72,007	0	59,179	4
Royal Bournemouth and Christchurch NHS FT	5,654	5,157	5,096	4,504
Dorset County Hospital FT	1,187	917	1,142	738
Dorset Healthcare FT	3,901	1,826	2,024	1,884
West Hampshire CCG	4,219	0	3,205	0
Public Health England	191	182	190	188
Health Education England	8,648	0	8,659	12
University Hospital Bristol FT	0	25	0	16
University Hospital Southampton FT	1,574	703	1,334	726
NHS Resolution	0	9,185	0	9,550
Dept. of Health	65	0	2,502	0
Charitable Funds	1,302	0	906	0
NHS Blood and Transport	0	0	0	1,003
NHS Pension Scheme	0	25,390	0	16,390
HM Revenue & Customs - Employer NI Contributions	0	14,779	0	13,726
Other NHS/WGA Bodies	2,166	1,636	3,529	1,469
Total Value of Transactions with Other Related Parties	**277,581**	**60,041**	**250,633**	**50,394**

Note a. For comparative purposes Charitable Funds income has been shown for 2018/19.

Note b. The Trust paid income tax of £19,538k (2018/19 £18,638k); National Insurance of £10,874k (2018/19 £9,893k) on behalf of its employees to HMR&C and recovered net VAT amounting to £3,522k (2018/2019 £3,185k). These amounts have not been included in the schedule above as income or expenditure. De minimis rules apply to disclosure whereby only expenditure or income in excess of £0.5 million is disclosed.

	31 March 2020		31 March 2019	
20.2 Balances with Other Related Parties (Foundation Trust)	Receivables £000	Payables £000	Receivables £000	Payables £000
Royal Bournemouth and Christchurch NHS FT	3,356	7,120	2,623	1,879
NHS Dorset CCG	533	638	448	643
NHS England	8,501	0	5,603	0
Dorset County Hospital NHS FT	390	282	354	151
Dorset Healthcare NHS FT	986	394	745	1,503
West Hampshire CCG	703	0	32	0
University Hospital Southampton NHS FT	541	226	398	200
NHS Pension Scheme	0	2,522	0	2,363
Dept. of Health	0	0	0	0
Charitable Funds	167	0	0	653
HM Revenue & Customs - National Insurance and Income Tax	0	3,828	0	3,658
HM Revenue & Customs - VAT	356	0	515	0
Other NHS/WGA Bodies	1,153	386	1,244	388
Total Balances with Other Related Parties	**16,686**	**15,396**	**11,961**	**11,438**

21 Private Finance Transactions

PFI schemes deemed to be off-SoFP

Staff Residences

£128k (£123k 2018/19) is included within operating expenses in respect of PFI transactions deemed to be off SoFP.

The Trust is committed to make a payment of £128k (during the next year) and £64k (later than one year but not later than five years) in respect of a PFI scheme that is expected to expire in 18 months.

The estimated capital value of the PFI scheme is £3.5 million.

The scheme started on 1 April 1996 and is contracted to end on 31 August 2021. The contract has been now extended to 30th September 2021.

Western Challenge Housing Association (now Sovereign) acquired the staff residences from the Trust in September 1996 on a 99 year lease with a break clause after 25 years. The Trust is committed to pay £28k rent subsidy per annum (fixed through the period of the lease) and also a management fee of £56k (increased annually by the Retail Price Index) for the duration of the lease.

Nursery

£30k (£30k 2018/19) is included within operating expenses in respect of PFI transactions deemed to be off SoFP.

The estimated capital value of the PFI scheme is £0.4 million.

The scheme started on 1 September 2004 and ended on 31 August 2019.The Nursery lease has expired for both the Trust as a tenant and landlord. The Trust is considering serving notice to terminate the lease through its solicitors.

The Trust entered (in August 2004) into a 15 year lease with BDL Systems Ltd. Retirement Benefit Scheme (now assigned to Blackhill Investments) in respect of the rental of a building at Denmark Lane, Poole for the purpose of providing a nursery, mainly for Poole Hospital staff. The nursery is managed by TOPS Day Nursery. The Trust leased back the building to TOPS on the same terms and conditions as the original lease. The Trust will pay Blackhill Investments Limited a sum of £30k per annum for the remainder of the 15 year period. TOPS will pay a similar amount to the Trust over the same period.

Hospital Front Entrance

Front entrance Poole Hospital. Legal documents were completed and exchanged on 22 October 2018. The arrangement comprises 35 year ground and occupational lease agreements between Poole Hospital and Noviniti (Poole) Limited - a specialist project vehicle (SPV) established to deliver the overall project, with an initial 15 year retail sub lease granted to the Compass Group, Stock Shop and WHSMITH in return for three retail outlets.The gross development cost to Practical Completion including financing is £3.6m, which includes £3.2m construction (£2m works cost and contingencies, £732k for the retail fit-out/ asset recovery from the current small Costa Coffee unit and the £440k one-off contribution payable to Poole Hospital). Approval of the legal agreements exchanged on 22 October 2018 triggered the following two payments by Noviniti Limited in favour of the Trust:

- £30k Ground Lease Premium
- £845k one-off income receipt, as agreed in the original financial model

22 Financial Instruments (Foundation Trust)

Financial reporting standard IFRS7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Foundation Trust has with local Clinical Commissioning Groups (CCGs) and the way those CCGs are financed, the NHS Foundation Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which the financial reporting standards mainly applies. The NHS Foundation Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS Foundation Trust in undertaking its activities.

The Foundation Trust's financial assets and liabilities are valued at amortised cost and these are the only type of financial instrument held.

Market Risk

Market risk is the possibility that financial loss might arise as a result of changes in such measures as interest rates and stock market movements. Market risk comprises three types of risk, where the fair value or future cash flows could fluctuate because of movements in the underlying Interest rate risk, Currency risk; and Price risk

Interest rate risk

- The Foundation Trust invests surplus funds with Barclays Bank plc and the Government Banking Service (GBS). There were no short term investments held at the year end. Therefore the Foundation Trust's financial assets and liabilities carry nil or fixed rates of interest and the Foundation Trust's income and operating cash-flows are substantially independent of changes in market interest rates.

Currency risk

The Foundation Trust's transactions are all undertaken in sterling and so it is not exposed to foreign exchange risk.

Price risk

The Foundation Trust has got a number of contractual arrangements which are linked to the UK Retail Price Index (RPI). As such the Foundation Trust is exposed to price risk in line with movements in the UK economy.

Credit Risk

Credit risk is the possibility that other parties might fail to pay amounts due to the Foundation Trust. Credit risk arises from deposits with banks as well as credit exposures to the Foundation Trust's debtors. The Foundation Trust's cash assets are held with Barclays Bank plc and the Government Banking Service (GBS).

As set out in Note 16 - £6,984k (31 March 2019 £5,297k) of the Trust's cash deposits is held with the Government Banking Service (GBS). At the end of the financial year there were no sums held in the form of short term investments (2018/19: £nil).

An analysis of the ageing of receivables and provision for impairment can be found at Note 11.1 "Receivables". The majority of the outstanding debt relates to other NHS bodies, related parties and the Compensation Recovery Unit (CRU) mainly in respect of Road Traffic Act (RTA) income. Receivables from other NHS bodies and related parties is considered to be fully recoverable. A bad debt provision of 21.79% (2018/2019 21.89%) is made against the CRU (i.e. mainly RTA income) receivables.

Liquidity risk

The NHS Foundation Trust's net operating costs are incurred under annual service agreements with local Clinical Commissioning Groups (previously Primary Care Trusts), which are financed from resources voted annually by Parliament. The Foundation Trust also largely finances its capital expenditure from funds generated from its activities in addition to loans from the Department of Health and Social Care and Salix (see Note 13). Capital commitments at 31 March 2020 amounted to £2,263k (£1,032k at 31 March 2019) - see Note 17 and Finance Lease commitments amounted to £60k (£27k at 31 March 2019) - see Note 14. The NHS Foundation Trust is not, therefore, exposed to significant liquidity risks (however refer to Note 1 re Going Concern).

23 Financial Assets and Liabilities by Category

Set out below are the Group and Foundation Trust's financial assets and liabilities as at 31 March 2020.
There are no material differences between the book value and fair value.

	Loans and Receivables			
	Group 31 March 2020 £000	Foundation Trust 31 March 2020 £000	Group 31 March 2019 £000	Foundation Trust 31 March 2019 £000
Carrying Value of Financial assets (Note a)				
Cash	16,424	7,073	14,317	5,471
NHS and WGA Receivables	15,950	16,117	11,410	11,410
Other Receivables	5,113	5,113	3,767	3,767
Other Receivables - Charitable Funds	639	0	976	0
Total	38,126	28,303	30,470	20,648

Note a. The following are not considered to be financial instruments and therefore have been excluded from the above table (Group and Foundation Trust):

- Prepayments amounting to £2,251k (2018/19 £2,717k).
- Vat recoverable amounting to £356k (2018/19 £515k).
- PDC dividend recoverable amounting to £89k (2018/19 £215k).

	Other Financial Liabilities			
	31 March 2020 Group £000	31 March 2020 Foundation Trust £000	31 March 2019 Group £000	31 March 2019 Foundation Trust £000
Financial liabilities				
Trade and Other Payables				
NHS payables	8,420	8,420	4,071	4,071
Accruals	5,666	5,666	5,677	5,677
Capital payables	5,382	5,382	5,647	5,647
Other payables	10,203	10,203	11,405	11,405
Other payables - Charitable Funds	162	0	159	653
Total Trade and Other Payables	29,833	29,671	26,959	27,453
Other Financial Liabilities				
Borrowings excluding finance lease obligations	39,003	39,003	26,130	26,130
Finance lease obligations (Note 1)	60	60	27	27
Provisions under contract (Note 2)	1,445	1,445	876	876
Total Other Financial Liabilities	40,508	40,508	27,033	27,033
Total	70,341	70,179	53,992	54,486

The following are not considered to be financial instruments and therefore have been excluded from the above table:
- Other tax payables amounting to £3,829k (2018/19 £3,658k).
- Provisions not under contract amounting to £742k (2018/19 £1,100k).
- Receipts in advance amounting to £348k (2018/19 £216k).
- Deferred Income amounting to £549k (2018/19 £843k).

Note 1 - Fair value is not significantly different from book value. in the calculation of book value, the expected cash flows have been discounted by the discount rate of 6.0% in real terms.

Note 2 - Fair value is not significantly different from book value. in the calculation of book value, the expected cash flows have been discounted by HM Treasury pension discount rate of plus 0.5% (2018/19 negative 0.29%) in real terms.

24 Third Party Assets

The Trust held £1k cash at bank and in hand at 31 March 2020 (£1k - at 31 March 2019) which relates to monies held by the NHS Trust on behalf of patients. This has been excluded from cash at bank and in hand figure reported in the accounts.

25 Losses and Special Payments

	2019/20 Total number of cases Number	2019/20 Total value of cases £000's	2018/19 Total number of cases Number	2018/19 Total value of cases £000's
1. LOSSES:				
Losses of cash due to:				
Overpayment of salaries etc.	0	0	0	0
Bad debts and claims abandoned in relation to:				
Private patients	0	0	206	1
Overseas visitors	5	1	42	61
Other	115	4	82	6
Damage to buildings, property etc. (including stores losses) due to:				
Stores losses (Note 1)	1	62	1	52
Other	0	0	0	0
TOTAL LOSSES	**121**	**67**	**331**	**120**
2. SPECIAL PAYMENTS:				
Ex gratia payments in respect of:				
Loss of personal effects	17	4	9	3
Personal injury with advice	8	18	10	53
TOTAL SPECIAL PAYMENTS	**25**	**22**	**19**	**56**
TOTAL LOSSES AND SPECIAL PAYMENTS	**146**	**89**	**350**	**176**

There were no cases exceeding £300k in the current year (2018/19 no cases).

These amounts are included on an accruals basis and exclude provisions for future losses.

Note 1. Stock losses relate to the monthly pharmacy stock write off due to wastage, obsolescence, and other factors.