NHS

University Hospitals of North Midlands NHS Trust

We love our values

Together

Compassion

Safe

Improving

Annual Report

2020/ 2021

Chair's Foreword

The period between April 2020 and March 2021 will forever be remembered for the devastation and tragedy of the Covid pandemic. The disease impacted every section of society across the world and sadly, almost on a daily basis, we witnessed an unimaginable loss of life unfolding before us and the grief of the many families affected.

Our sympathies lie with each and every family. Close to home, our staff faced a challenge that defied understanding, with the need for not just absolute professional skills and compassion, but for real courage to personally face the risks when caring for patients. We can never thank them enough.

Looking back over the year it is worth reflecting on the difficulties faced by our front line staff and to celebrate their successes in overcoming them. The hospitals had to be zoned appropriately to avoid the spread of infection, clinical services were rescheduled or postponed, staff were redeployed to help ease the pressures in Critical Care or to bolster the nursing teams on Covid wards, twice weekly testing regimes were introduced, new protective equipment became mandatory, social distancing became a byword and the wearing of masks became the norm. All of this and our teams continued to shine and perform brilliantly. It is no overstatement to say that this was a period when the nation truly recognised the value and worth of the NHS and the population of Stoke and Staffordshire weren't shy in showing their appreciation. Donations of all descriptions were received, including plenty of toys, cakes, sweets and food.

We also had huge help from the many volunteers who stepped forward and we are very grateful to Stoke City Council and their teams who offered their time and help and to the Army who filled essential gaps and brought their expertise at a time of crisis. The weekly clapping for NHS staff was moving in itself and I believe we can be rightly proud of our staff across the Trust for the way they conducted themselves throughout the year and the care they dispensed to thousands of patients.

Remarkably though, dealing with the pandemic spurred on innovation and collaboration amongst the many health and social care providers, none more so than the introduction of a Care Home Support Team. Working alongside our system partners, this was a wonderful example of how integrated working can be achieved and they successfully delivered clinical care to many residents across dozens of care homes.

The use of technology rose to a new level across the organisation with virtual meetings and consultations with patients highlighting new ways of working. Our annual Staff Awards evening actually ran over a week and of course was held virtually. It was heartening to see a record number of nominations this year and the enthusiasm and engagement of so many staff members highlighted the pride we have in each other.

We look forward to seeing them all in person at next year's awards.

On the financial front, we achieved our goal of exiting the Financial Special Measures regime, delivering a small surplus for the second year in a row. It is a testimony to Tracy Bullock, our CEO, and her team for way they have managed the Trust despite the pandemic and it was a real achievement to turn our financial performance around. It should also be noted that we had a very successful year in delivering capital programmes where £60m of investments were made to support the improvement in patient care and experience.

Our schemes included the enhancement of our Emergency Department, the purchase of additional modular wards, a refresh of key medical equipment and the demolition of the old Royal Infirmary site. In addition we purchased the land required for our future car parking solution.

We also played a major role in the development of the Shadow Integrated Care Board (ICS). The development of NHS services will in future be developed and deployed on a local system basis and will be orchestrated through the ICS. As a major provider of these services it is essential that we continue to play our part and to work towards delivering better services for everyone, addressing inequalities and achieving better health outcomes across our area.

In terms of the next twelve months, there is clearly a lot to do. Our main priority is to restore our services to pre-Covid levels and to manage our waiting lists. We are keenly aware of the anxieties suffered by many patients waiting for their elective procedure. We also recognise the impact of the pandemic on our workforce and as an organisation we are actively seeking to improve the wellbeing of every member of staff through a series of interventions. This will continue through the next year and beyond.

Finally, we have recently embarked upon a large scale programme called 'Improving Together. The early results have been very encouraging, particularly on Urgent and Emergency Care and I am delighted with the engagement of so many enthusiastic staff. The last twelve months have demonstrated how our Trust can respond magnificently to major challenges. I am grateful to everyone and I am hopeful that more normal times will soon return.

David Wakefield
Chairman

Contents

Part A: Performance Report Overview

In this overview, we provide you with:

- a **statement from the Chief Executive**, providing a summary of how we have performed during 2020/2021
- an **introduction to our organisation**, covering what we do, the services we provide and our organisational structure
- an overview of our **2025 Vision,** our key objectives and our values
- a summary of **key risks** that we have identified and managed during 2019/2020
- a summary of the **equality** of our service delivery
- a **summary of performance** highlighting what has gone well for us, the progress made towards delivering our objectives and where we need to focus our efforts to improve
- an explanation of what is meant by **'going concern'** and what its adoption meant for us during the year

Statement from the Chief Executive

Welcome to our Annual Report for the year 2020/2021, and what a year it has been! On the 1st April 2021 I will have been the Chief Executive at UHNM for two years and it is astounding to think that over half of my time at UHNM has been spent working alongside you addressing one of the biggest challenges to ever to face the NHS – a Global Pandemic.

During the first half of the Pandemic we were fortunate to escape some of the levels of pressure seen in other parts of the country, however; during the second half we were very clearly one of the hardest hit hospitals.

Covid-19 has clearly dominated 2020/2021, however, throughout the year we also continued to transform the way we deliver services and I have been overwhelmed with the professionalism, flexibility and positive attitudes from our staff. Our staff are most definitely our greatest asset and have served our Trust and more so our patients, exceptionally well during extraordinary times. Therefore, caring for staff wellbeing remained our number one priority during this time and I know staff managed to take part in some the extensive wellbeing packages on offer since the start of the Pandemic, whether that be free car parking, new rest pods and cabins, 24 hour counselling and psychological support and a wellbeing day to name but a few.

Whilst we have progressed and transformed during 2020/2021 we sadly had to delay the roll out of our Quality Improvement Programme for the Trust, although we did successfully recruit to the Quality Academy. We are wholly committed to restarting this programme in 2021/2022 and have the resources in place to support and sustain this. I am personally excited by this as we introduce a program that develops, rewards, values and empowers our staff to be the best they can be.

Despite the obvious challenges, 2020/21 was also a year of significant achievements for UHNM; many of which are highlighted within this report. In October 2020 the Trust exited Financial Special Measures, a regime that the Trust had been in since 2017. This was as a result of tireless efforts in identifying and delivering efficiencies whilst maintaining quality. As a result of the Pandemic, the financial regime for the NHS changed considerably during 2020/2021 to enable us to focus on the work in hand without being held back by the usual financial constraints. Although this was successful and we once again ended the year in a good position, we will undoubtedly have a financially challenged 2021/2022 as the whole Country grapples with the economic impact of Covid-19. We also saw delivery of a huge and evolving capital programme, delivering £61 million of capital schemes.

During 2020/2021 much of our elective and planned care reduced significantly meaning that many of our patients were waiting far longer than we would wish although we went to considerable lengths to continue to provide surgery and treatments to our sickest and most vulnerable patients and were particularly successful in continuing to deliver care for our cancer patients. The challenges for our Covid-19 wards and our Critical Care Unit were as never seen before and at one stage we increased our critical care capacity by over 200%! This allowed us to support our own population and that of other struggling regions such as London. The challenges of urgent care diminished in volume but increased in complexity as we developed pathways and routes through our hospital that segregated Covid-19 positive and non Covid-19 positive patients; with blue, purple and green wards and zones.

Whilst addressing the complexities as outlined above we continued to transform urgent care for our patients and during February/March 2021 we started to see the fruits of our Urgent Care Improvement Programme which saw patients consistently spending less time in our Emergency Department and receiving care much more quickly.

Going forward into 2021/2022 one of our most significant challenges will be to address the capacity and demand mismatch that we have as a result of loss of productivity due to infection Prevention requirements, donning and doffing of additional Personal Protective Equipment and social distancing. This is against a backdrop of significantly increased waits for elective and planned work. We are all keen to resume such activity and are committed to working with our partners to ensure we maximise our collective resource to reduce those waits as quickly and safely as possible.

We are grateful to our partners within the system and beyond, for the support that they gave us to secure the capacity we needed to allow us to effectively respond to the constant surges of patients with Covid-19. We are particularly grateful to Stoke City Council for providing volunteers to support our staff in Critical Care and to North Staffordshire Combined NHS Trust for providing the much needed psychological support for our staff.

It would be remiss of me not to acknowledge the tremendous sacrifice our staff have made. Our staff came to work day in and day out in the face of an unknown and highly infectious disease. Many of us lost friends, family and colleagues. Going forward we will continue to reflect and remember the ultimate sacrifice that some of our staff made to support their colleagues and to serve our patients

It has been an incredibly challenging year for all of us but it is also one that has made me very proud to be Chief Executive of UHNM. Undoubtedly there will be further challenges ahead for us throughout 2021/22 and beyond but given I have seen what our UHNM family can do in extremis I am ever more confident that together, we will come through and I look forward to seeing how the 'new NHS' evolves. I hope you enjoy reading this Annual Report.

Tracy Bullock
Chief Executive

About Us

University Hospitals of North Midlands NHS Trust was formed in November 2014 following the integration of University Hospital of North Staffordshire NHS Trust and Mid Staffordshire NHS Foundation Trust. We have two hospitals, Royal Stoke University Hospital and County Hospital, and we are very proud of both.

We are a large, modern Trust in Staffordshire, providing services in state of the art facilities. We provide a full range of general hospital services for approximately 1.1m people locally in Staffordshire, South Cheshire and Shropshire. We employ around 11,000 members of staff and we provide specialised services for a population of around 3m, including neighbouring counties and North Wales.

We are one of the largest hospitals in the West Midlands and have one of the busiest Emergency Departments in the country, with an average of around 14,000 patients attending each month across both of our sites. Many emergency patients are brought to us from a wide area by both helicopter and land ambulance because of our Major Trauma Centre status; as we are the specialist centre for the North Midlands and North Wales.

As a University Hospital, we work very closely with our partners at Keele and Staffordshire University and we are particularly proud of our Medical School, which has an excellent reputation. We also have strong links with local schools and colleges. As a major teaching Trust, we hold a large portfolio of commercial research, which provides us with a source of income. Our research profile also enables us to attract and retain high quality staff.

Our specialised services include cancer diagnosis and treatment, cardiothoracic surgery, neurosurgery, renal and dialysis services, neonatal intensive care, paediatric intensive care, trauma, respiratory conditions, spinal surgery, upper gastro-intestinal surgery, complex orthopaedic surgery and laparoscopic surgery.

We have a range of formal and informal mechanisms in place to facilitate effective working with key partners across the local economy. These include participation in partnership boards which bring together health, social care, independent and voluntary sector organisations across Staffordshire.

We help drive improvements across the wider health and care economy, through our leadership roles in the Staffordshire and Stoke on Trent Sustainability and Transformation Plan - Together We're Better.

We look to involve our service users in everything we do, from providing feedback about the services we provide, to helping shape our priorities. This work is co-ordinated by our Patient Experience Team.

Our Vision, Values & Strategic Objectives

Our 2025 Vision was developed to set a clear direction for the organisation to become a world class centre of clinical and academic achievement and care. One in which our staff all work together with a common purpose to ensure patients receive the highest standard of care and the place in which the best people want to work.

To achieve the 2025 Vision we must respond to the changing requirements of the NHS as they emerge and operate in ever more challenging times. This means that we have to think further than the here and now and continue to look beyond the boundaries of our organisation for inspiration. Our involvement in the ICS is crucial in enabling us to move towards our vision and to become a sustainable provider of healthcare services.

Our Strategic Objectives

Our Vision is underpinned by 5 key Strategic Objectives (SO):

SO1	**Provide safe, effective, caring and responsive services**
SO2	**Achieve NHS constitutional patient access standards**
SO3	**Achieve excellence in employment, education, development and research**
SO4	**Lead strategic change within Staffordshire and beyond**
SO5	**Ensure efficient use of resources**

Our Values

We continue to encourage a compassionate culture through our values, which identify the attitude and behavioural expectations of our staff.

Together	• We are a team • We are appreciative • We are inclusive
Compassion	• We are supportive • We are respectful • We are friendly
Safe	• We communicate well • We are organised • We speak up
Improving	• We listen • We learn • We take responsibility

Our full 2025 Vision is available via our website: www.uhnm.nhs.uk.

We are refreshing our Strategy and Strategic Objectives to ensure alignment with our Improving Together Programme; this will be communicated with our staff more broadly in 2021/22.

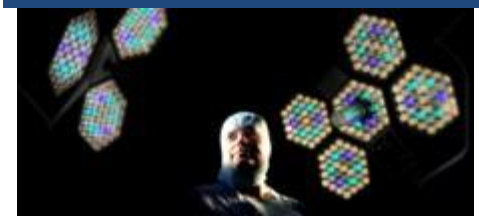
How we Provide Care

Our organisational structure features 4 clinical Divisions and 2 non-clinical Divisions. Each clinical Division is led by a Divisional Chair, providing medical leadership, an Associate Chief Nurse, providing clinical leadership and an Associate Director responsible for its management. The non-clinical Divisions are led by Executive Directors. These 6 Divisions are as follows:

- **Medical Division**
- **Specialised Division**
- **Children, Women and Diagnostics Division (CWD)**
- **Surgical Division**
- **Estates, Facilities and Private Finance Initiative (PFI) Division**
- **Central Functions Division**

Below provides an overview of the services provided by each of these Divisions:

Surgical Division



- Emergency Surgery
- General Surgery
- Urology
- Specialised Surgery
- Anaesthetics
- Theatres
- Critical Care
- Sterile Services
- Pain Management

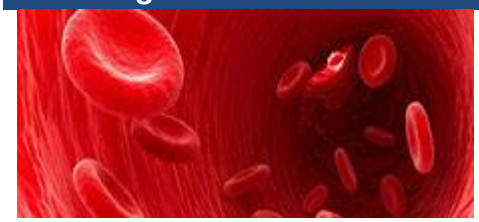
Medical Division

- Gastroenterology
- Endoscopy
- Respiratory
- Infectious Diseases
- Emergency Department
- Acute Medicine
- Elderly Care
- Diabetes
- General Medicine
- Renal

Specialised Division

- Cardiology
- Neurosciences
- Trauma & Orthopaedics
- Neurosurgery
- Cardiothoracic
- Stroke
- Neurology
- Neurophysiology

Children, Women & Diagnostics Division



- Pharmacy
- Pathology
- Clinical Technology
- Imaging
- Bereavement Services
- Obstetrics & Gynaecology
- Child Health
- Haematology
- Oncology
- Medical Physics
- Immunology

Central Functions Division

- Finance
- Communications
- Information Management & Technology
- Human Resources
- Nursing
- Operations
- Corporate Governance
- Strategy & Planning
- Performance & Information
- Quality, Safety & Compliance
- Transformation
- Research and Development
- Supplies & Procurement
- Outpatients

Estates, Facilities and PFI Division

- Estates Operations
- Estates Capital Development
- Facilities Management
- PFI Contract Management
- Estates Governance, Compliance and Administration
- Sustainability and Transformation
- Clinical Technology
- Land and Property

Equality of Services

Our Equality and Diversity Policy takes in account legislation and guidelines issued by the Equality and Human Rights Commission on compliance with the Equality Act 2010. We aim ensure that all patients, applications, employees, contractors, agency staff and visitors receive appropriate treatment and are not disadvantaged by conditions or requirements which cannot be shown to be justified. This is particularly on the grounds of a protected characteristic as defined in the Act.

Promotion of Equality of Service Delivery

We have delivered a number of initiatives during the year to promote equality of service delivery, some key highlights include:

- **Training Videos** to help staff to fully support visitors who are blind / partially sighted / deaf or hard of hearing
- **Policies** on care and support for Transgender Patients and Provision of Interpreters
- Introduction of a new role of **Matron for Mental Health and Learning Disability**
- **Learning Disability and Autism Working Group** meeting six times per year
- **Learning Disability Champion Scheme** to raise knowledge and understanding of care for people with Learning Disabilities – we have 130 champions Trust wide
- Involvement in the **National Learning Disability Benchmarking Survey**
- Membership in system wide groups including the Local Dementia Steering Group and Network Group and the Mental Health Law Group covering North and South Staffordshire

Public Sector Equality Duty

To ensure that we fulfil our obligations as set out within the Public Sector Equality Duty, the impact of our policies, practices and decisions affecting those with protected characteristics are given due regard. This means that we can plan our services to meet the needs of our population more effectively. Any key changes are subject to Quality Impact Assessment which takes into account the impact on individuals covered by this Duty. In addition:

- Wherever possible, areas of the hospital (building and grounds) are accessible to all
- We provide Equality and Diversity training for all staff as part of their induction and mandatory training
- We work in partnership with our commissioners and other neighbouring hospitals to agree and develop the Equality Delivery System domain and outcomes which will be subject to peer review of the coming year in line with NHS England guidance

Activities to Promote Equality of Service Delivery

In addition to the above, the diagram below provides an overview of arrangements we have in place to promote equality of service delivery:

Development of a Diverse Chaplaincy Team to meet the needs of service users	Introduction of a RESPECT document to personalise End of Life Care	Guidance for staff in care after death for Muslim children	Alert system on iPortal which identifies patients with special needs
Introduction of LED boards to aid communication with dementia, learning difficulties, patients with tracheostomies	Health Literacy Training to aid shared decision making	Availability of clear face masks (required for protection against Covid) to support individuals who rely upon lip reading	Learning Disability (LD) Alert Flags which are notified to our LD nurse to ensure involvement in the care of the patient
Learning Disability information available via the Trust Intranet to support staff caring for patients	External internet site for people with Learning Disabilities to access blank 'hospital passports' and Easy Read information leaflets	Learning Disability e-learning package which is provided as our 'essential to role' training package	Ongoing monitoring of Learning Disability deaths and readmission within 30 days to identify any lessons which can be learned
Mental Health Working Group	Monitoring of readmission of patients with Dementia, along with inappropriate transfers to identify lessons to be learned	Dementia Level 1 and Level 2 Awareness Training, including a focus on those providing Elderly Care	Mental Health Awareness Training available Trust wide

Performance Summary

During 2020/21, our Accountability and Performance Management Framework was developed and approved by the Board. This sets out the arrangements in place for performance oversight and management, including our Integrated Performance Report.

The Integrated Performance Report is reported on a monthly basis to the Trust Board, with our Performance and Finance Committee, Quality Governance Committee and Transformation and People Committee taking a lead for oversight and scrutiny on different aspects of performance. These arrangements provide assurance across the Trust and to commissioners and regulators.




During 2020/21 our Integrated Performance Report was strengthened in terms of the way we use and view our data; Statistical Process Control methodology was introduced to key performance metrics, giving a more intelligent and insightful way to review performance and give assurance to the Board. The following provides a summary of our performance during 2020/21, against the key metrics which are included in our Integrated Performance Report.

This year has been an incredibly challenging year for the Trust and the National Health Service as a whole due to the Covid-19 pandemic for which the hospital had to be reconfigured into zones to support social distancing measures and to ensure we kept our patients safe; all of which combined to affect our ability to see diagnose and treat the volumes of patients we had planned.

Emergency Care

The 'A&E four-hour wait' it is a guide of how well the hospital and the local health economy of primary care, acute care and social care are working to deliver urgent care medicine. In previous years the Trust has seen increasing volumes of patients attending the Emergency Departments on both sides of the County that has affected delivery of the 95% target. In this year, the Covid-19 pandemic has been a contributory factor in non-delivery of the 95% target (76.96%) due the time required for triage, Covid test turnaround, social distancing factors that led to the expansion and demarcation of the emergency department footprint in accordance with nationally mandated guidance. In spite of this, there was a noted improvement in the reduction of 12 hour trolley waits, of which more than 205 were recorded during the year, which was a significant improvement on the number from the previous year (605). The Trust is working proactively with system partners to maintain levels of Medically Fit Patients to the levels experienced during the first Covid-19 surge of around 70-85 to maintain bed capacity which is a significant improvement on the previous year's average 135-140.

The Trust is working towards achieving the 95% target during 2021/22 through continued partnership working with our System Partners, and the engagement of NHSEI advocated improvement experts to support framing and delivery of urgent care plans. This will further improve patient experience and satisfaction with the service, which has remained consistent despite longer waiting times, as evidenced within the main body of the document.

18 Weeks

The Trust has faced significant challenges in meeting the Referral to Treatment standard and has not achieved the 92% standard during 2020/21. Contributory factors include the central mandate to cease all elective activity during the first wave of Covid-19 together with the selective cessation of some elective services to form the Level 4 incident response to the second Covid-19 surge in the winter, including our mutual aid response to the South with doubling of critical care capacity. The Trust has been proactive in flexing capacity to maintain essential appointments for Outpatients and Diagnostics with the use of video and telephone appointments, the Independent Sector, and hospital zoning to keep urgent prioritised pathways active. Prior to the pandemic the trust had zero (0) patients waiting for more than 12 months for their treatment, now this has grown to over 4,500 but plans are being enacted to support reduction with the support of In sourcing and Out Sourcing activities based on clinical vetting and patient choice offers. There are 9 specialties that are the most challenged due to time critical surgery demand, cancer pathway priorities or weeks' worth of patients to treat compared to our baseline volumes. The total volume of patients on our waiting list has increased by 39% over the last 12 months due to the volumes of cancelled sessions due to the Covid-19 response, whilst referral volumes have been maintained and in the latter part of Quarter 4 have been escalating exponentially.

Cancer

The Trust has prioritised cancer pathways and treatments to patients during 2020/21 and this has been reflected in significant performance improvement in the first half of the year. However, the Trust was unable to consistently maintain the 62 day wait trajectory from GP referral to treatment Cancer Wait Time (CWT) standards during the latter part of the year. The 31 day diagnosis to treatment was also not delivered. The reasons for both were mainly due to the need to flex capacity for the Covid-19 and urgent care patient winter demand. Positive performance has been seen in our response to 2WW delivery and the noted reduction in 104 day patients as a consequence of prioritisation for access and treatment.

	No.	Indicator	Target	2020/21 Performance	2019/20 Performance
Quality	**1.**	Harm free care (new harms)	95%	96.7%	97.9%
	2.	Patient falls per 1000 bed days	5.6	6.2	5.4
	3.	Patient falls with harm per 1000 bed days	1.5	1.5	1.3
	4.	Medication errors (rate per 1000 bed days)	n/a	4.9	4.4
	5.	Never Events	0	1	6
	6.	Duty of Candour – verbal / formal notification	100%	100%	100%
	7.	Duty of Candour – written *(within 10 day target)*	100%	100% *(82%)*	100% *(67%)*
	8.	Pressure ulcers – hospital acquired (category 2) with lapses in care	8	7	54
	9.	Pressure ulcers – hospital acquired (category 3) with lapses in care	4	12	33
	10.	Pressure ulcers – hospital acquired (category 4) with lapses in care	0	2	1
	11.	FFT - % A&E recommendations (suspended until January 2021)	n/a	79.3%	69.9%
	12.	FFT - % inpatient recommendations	n/a	98.5%	98.3%
	13.	FFT - % maternity recommendations (suspended 2020/21)	n/a	N/A	98.9%
	14.	Written complaints rate (per 10,000 spells)	35	30.4	30.4
	15.	Rolling 12 month HSMR	100	97.87 (03/20-02/21)	92.68
	16.	Rolling 12 month SHMI	100	1.03	0.99
	17.	Nosocomial 'definite' Covid 19 deaths	n/a	118	N/A
	18.	VTE risk assessment compliance	95%	99.1%	93.7%
	19.	Emergency C Section Rate as % total births	15%	17.2%	14.6%
	20.	Reported c-difficile cases	n/a	107	116
	21.	Avoidable MRSA bacteraemia cases	0	0	0
	22.	Inpatient sepsis screening compliance	90%	85.9%	85.4%
	23.	Inpatient IV antibiotics given within 1 hour	90%	93.3%	92.3%
	24.	Children sepsis screening compliance	90%	95.2%	88.4%
	15.	Children IV antibiotics given within 1 hour	90%	100%	63%
	16.	Emergency portals sepsis screening compliance	90%	91.8%	89.4%
	17.	Emergency portals IV antibiotics within 1 hour	90%	84.3%	87%
	18.	Maternity sepsis screening	90%	45.1%	41.7%
	19.	Maternity IV antibiotics within 1 hour	90%	90%	82.17%
	20.	Mixed sex accommodation breaches	0		

	No.	Indicator	Target	2020/21 Performance	2019/20 Performance
Operational Performance	1.	A&E 4 hours waiting time	95%	76.96%	78.20%
	2.	12 hour trolley breaches	0	205	601
	3.	Cancer Rapid Access (2 week wait)	93%	92/1%	81.3%
	4.	Cancer 62 days from urgent GP referral	85%	69.1%	70.8%
	5.	Cancer 62 days from screening programme	90%	80.4%	84.6%
	6.	Cancer 31 day first treatment	96%	95.1%	94.3%
	7.	RTT incomplete	92%	92%	80.10%
	8.	RTT 52+ week waits	0	4,563	7
	9.	Diagnostic waits under 6 weeks	99%	84.06%	98.18%
	10.	DNA Rate	7%	7.79%	91.49%
	11.	Cancelled operations – 28 day standard	150	254	152
	12.	Theatre Utilisation	85%	73.8%	79.7%
	13.	Same day emergency care	30%	29%	30%
	14.	Super stranded patients	183	118	203
	15.	Delayed transfers of care	3.5%	1.3%	3.3%
	16.	Discharges before midday	30%	17%	18%
	17.	Emergency readmission rate	8%	14.6%	15.5%
	18.	Ambulance handover delays in excess of 60 minutes	10	1,123	981

	No.	Indicator	Target	2020/21 Performance	2019/20 Performance
Workforce	1.	Sickness absence rate	3.4%	5.37%	4.69%
	2.	Turnover rate	11%	9.32%	8.57%
	3.	Statutory and Mandatory Training	95%	93.85%	90.73%
	4.	Appraisal rate	95%	75.56%	75.94%
	5.	Agency costs as a % of total pay costs (month 12 snapshot)	n/a	2.55%	4.09%
	6.	Staff FFT – % recommended as a place to receive care	>61%	64.3%	82.17%

	No.	Indicator	Target	2020/21 Performance	2019/20 Performance
Finance	1.	Total income	n/a	915,076	840,975
	2.	Expenditure – pay	n/a	553,220	503,969
	3.	Expenditure – non pay	n/a	328,303	322,643
	4.	Daycase/elective activity	n/a	73,311	108,507
	5.	Non elective activity	n/a	84,920	107,418
	6.	First outpatients	n/a	181,106	248,025
	7.	Follow up outpatients	n/a	297,813	360,399

Key Highlights of 2020/21

Despite the many challenges we faced during 2020/21 as a result of Covid, we have continued to strive for excellence and have achieved so many more things to be proud of.

These have been shared with our staff via our Communications Team, to say thank you and to boost morale. Here are just some of our highlights:

Faster Access to Diagnostic Tests

Adults and children with suspected cancer are being given quicker access to diagnostic tests, leading to earlier diagnosis of cancer and faster treatment.

Patients who visit their GP with concerns about possible cancer symptoms are usually assessed against criteria for further investigations to take place within two weeks.

However, in some cases symptoms might not fit the cancer criteria and patients would be referred to a consultant. Under the new process, patients are now referred straight for diagnostic imaging tests, bypassing the need to see a consultant first if symptoms are unclear. More than 500 patients per month are already benefitting from this new arrangement by receiving diagnostic scans.

"This change means that patients receive accurate tests more quickly. The sooner we know about a problem, the sooner we can treat it, so there are enormous benefits."

Dr Ingrid Britton, Consultant Gastrointestinal Radiologist

County Hospital's Bariatric Team Carried out 1000 Bariatric Procedures

58 year old Anjuman Ara underwent a laparoscopic gastric bypass in September 2020 and became the 1000th person to receive treatment from the renowned team.

Bariatric care was transferred to the County Hospital in 2016 and the service has since become a 'centre of excellence' known as the North Midlands Institute of Metabolic and Bariatric Surgery.

Ms Anjuman from Birmingham said 'the staff at County Hospital were lovely, they took good care of me and were easy to talk to and helpful. If you needed anything, it would be done for you. The ward environment was really nice too, I actually enjoyed my experience. I decided to come to County because the waiting time was much shorter here'.

"The bariatric service has grown to become a centre of excellence both for local patients and in other parts of the country and the fact that patients are happy to travel the significant distance from the North West area to County Hospital to have their treatment is in itself a tribute to the service we provide."

Mr Nagammapudur Balaji, UHNM Clinical Lead for Bariatric Surgery

Support for Patients with Mental Health Problems

A new, dedicated room has been created to help support patients with mental health problems who present in the Emergency Department at Royal Stoke.

The room provides a safe space for patients and staff to engage on a one-to-one basis and has been carefully designed following national guidelines from The Royal College of Emergency Medicine and the Royal College of Psychiatry.

"The busy and often noisy environment in the Emergency Care Centre can be distressing and sometimes exacerbate the difficult feelings that patients who present with mental health problems are experiencing. Our hope is that this dedicated room will help to provide a quiet and safe environment for such patients, whilst allowing staff from the Emergency Department and Mental Health Liaison Teams to assess and observe them."

Dr Hannah McKee, Speciality Doctor for Emergency Medicine

Use of Artificial Intelligence-powered diagnostic technology to fight coronary heart disease

We partnered up with HeartFlow Inc. to help clinicians diagnose what is one of the UK's biggest killers. The innovative technology uses data from a patient's CT scan, artificial intelligence and highly trained analysts to create a 3D, digital interactive model of a person's coronary arteries.

Algorithms are then used to solve millions of equations to simulate blood flow in a patient's arteries in order to help clinicians assess the impact of any blockages.

The HeartFlow system reduces patient waiting times and the amount of time interacting with medical professionals in person, a critical advantage during the global pandemic.

"Using a CT-first approach with HeartFlow analysis means that many patients can be diagnosed with Coronary Heart Disease within a matter of days, and within one hospital visit."

Dr Simon Duckett, Consultant Cardiologist

Thousands of UHNM patients across multiple specialities benefitting from virtual clinics

The 'Attend Anywhere' (AA) system enables patients and clinicians to have video consultations from home so their care can be continued without interruption.

More than 2000 patients have used the system so far, with more than 90 per cent saying they felt it was easy to access, their needs were met and they were able to communicate well.

The system is proving popular with patients and clinicians alike, with more than 50 clinical services now using the solution to deliver video consultations as part of regular clinics. Many positive comments have been received from our patients….

"The service is very good and easy to navigate and I will definitely keep using Attend Anywhere...I feel that this is a very good way of undertaking a consultation and would do it again...An extremely efficient service which saves having to be in a physical waiting room unnecessarily."

Patients using Attend Anywhere

Heart patients with atrial fibrillation (AF) are helped to continue their care from home with innovative device

AF patients are being provided with mobile-based Kardia ECG devices and medical blood pressure machines. The technology allows patients to perform essential self-checks at home, ensuring they can stay on top of their condition without the anxiety of a hospital visit.

Atrial fibrillation can increase the chance of blood clots and strokes so it is absolutely essential that we keep a good check on patients with the condition. In normal times patients would come for normal monitoring appointments but we wanted to reduce this as far as possible during the pandemic.

Mums expecting twins benefit from a new clinic

Mums expecting twins are now cared for by a named consultant with a special interest in multiple pregnancies. Two dedicated midwives - Abigail Brocklehurst and Anna O'Rourke - will also be on hand to help manage the specialist service and offer checks, advice and support.

The new service means that mums expecting twins will now see less people and have a more individualised care plan directed towards multiple pregnancy.

"Having twins carries more risk than a standard pregnancy because there can be issues with growth or pre-term labour. There is also an increased chance of things like pre-eclampsia and gestational diabetes. So it's really important that women who are expecting twins or have a multiple pregnancy receive specialist care. And the evidence demonstrates that continuity of care within this specialist framework makes a real difference to the safety and wellbeing of mums and their babies."

Anna O'Rourke, Continuity of Carer Midwife for Multiple Pregnancy

Emergency patients benefit from new purpose built unit aimed to reduce unnecessary admissions better patient experience

£4.3 million has been invested at Royal Stoke University Hospital to create a new unit, linked to the emergency department and enables patients to access assessment, diagnosis and treatment, quickly following a referral by their GP or a consultant.

The Specialised Decision Unit (SDU) has spacious bays to allow for social distancing and large glass doors so patients can be monitored safely reducing the risk of reducing infection outbreaks.

The SDU is for patients with neurological, cardiac or trauma and orthopaedic conditions who can be seen, diagnosed and treated before being discharged home within six to eight hours.

Endoscopy Unit JAG Accreditation

Our endoscopy unit achieved JAG accreditation, the formal recognition that an endoscopy service has demonstrated its competence to deliver against endoscopy Global Rating Scale (GRS) standards.

Obtaining JAG accreditation demonstrates that the highest quality of endoscopy services and training are provided at UHNM.

The JAG Accreditation Scheme is a patient-centred and workforce-focused initiative based on the principle of independent assessment against recognised standards.

The scheme was developed for all endoscopy services and providers across the UK in the NHS and independent sector.

"This is a huge achievement and a great example of teamwork. Lots of people have worked really hard and as a result we have achieved an even better service for our patients. The hard work now continues as we work to maintain and protect our accreditation status and to keep enhancing the care we provide."

Dr Srisha Hebbar, Consultant Gastroenterologist

New software speeds up diagnosis

Patients referred for throat investigations at UHNM receive faster diagnosis and treatment thanks to the use of pioneering new software in Ear, Nose and Throat (ENT) clinics. Use of the software ensures that every patient receives a consultant review and that consultant face-to-face appointments are reserved for patients most at risk.

Clinicians in the 'hoarse voice clinic', where patients present with potential symptoms of throat cancer, entre symptoms into a nationally used risk calculator where patients are then scored as potentially low or high risk.

A high resolution double encrypted iPhone camera is used to record images during a patient's endoscopy procedure and the images will be shared via the device using the software, enabling quicker analysis and therefore a better prognosis for patients.

"I am able to see four times as many people by means of the videos than I'd be able to see face to face. It makes the whole process safer due to Covid and slicker but we are still able to maintain high standards of care."

Mr Ajith George, Consultant ENT Surgeon

UHNM rated amongst top 10 organisations for ensuring patients are fitted with a medical device sleeve during their hospital stay

A device, worn on the lower legs whilst a person is recovering from an illness in hospital, such as stroke, or surgery, is playing an essential role in the prevention of Venous Thromboembolism (VTE). VTE is a potentially fatal condition where a blood clot can form and travel in the circulatory system.

The team on the acute stroke unit at UHNM has created an enhanced VTE pathway and even introduced a new device alongside a 'VTE nurse' role within the healthcare assistants team at Royal Stoke.

"We take the risk of VTE very seriously here at UHNM and our new pathway ensures patients admitted to the ward receive the best possible care for preventing VTE."

Dr Indira Natarajan, Consultant Stroke Physician

A regional first for UHNM Cancer patients

UHNM was the first NHS Trust in the region to begin delivering a revolutionary cancer treatment following the introduction of the 2020 national expansion programme. SABR (Stereotactic Ablative Radiotherapy) treatment is currently offered to patients with Stage 1 lung cancer whose tumour is medically inoperable. A concentrated dose of radiation is issued to the tumour, which helps to limit damage to surrounding organs.

The treatment has various advantages over conventional radiotherapy, with clinicians gaining more control over the areas in the body concerned, meaning the cancer is less likely to return within that site.

Overall survival rates are better and an entire course of treatment can then be delivered in between three to eight visits, making the treatment easier and more convenient for patients. Treatment sessions are held on alternate days throughout the week.

"It's fantastic that we can now offer SABR to patients locally. Before they would have to travel to Birmingham or central Manchester and we sometimes had patients who would cancel their appointment because the distance was too far. We're really proud to launch this treatment for our patients."

Dr Apurna Jegannathen, Consultant Oncologist

Gastrointestinal (GI) radiology team trains radiographers across the Midlands in CT Colonography (CTC)

CTC is a test which uses two and three dimensional scans to look for cancer and pre-cancerous polyps in the large intestine.

45 radiographers from 14 hospitals will benefit from the rollout of the £340k programme which is set to enhance radiographers skills in performing the diagnostic procedure.

"We now know that CTC is just as accurate as a colonoscopy and it is absolutely essential that we ensure patients have access to this potentially lifesaving diagnostic procedure. Our team in Stoke had a head start as we first set up the service in 2005. It has now grown into one of the largest in the country following the amalgamation of Royal Stoke University Hospital and County Hospital's GI teams."

Dr Ingrid Britton, Consultant Radiologist

Improving communication with some of the sickest patients

Patients on UHNM's acute rehabilitation and trauma unit (ARTU) can now communicate more effectively with staff, thanks to the use of innovative new technology.

The team are trialling five prototype custom-made call switches which make it easier for patients with even severe injuries to let staff know when they need assistance. The switches have additional infection prevention features incorporated into their design so they can be cleaned down effectively between patients and if successful, can replace standard call switches commonly used to help patients with limited movement or dexterity.

The team on ARTU has already received positive feedback from patients about the switches, developed by Smile Smart Technology.

UHNM opens a state of the art screening unit in the community

The new unit is one of the largest in the UK and has the latest breast screening technology; built in Wi-Fi; solar panels, a large open waiting area and two changing areas. Wheelchair access is also available.

A team of our Radiographers and assistant practitioners run the service from Kidsgrove, performing mammograms on women aged 50 to 71 that have had a referral from their GP. The unit cost more than £300, 000 and was funded by NHS England and Improvement with the ability to upgrade the screening machine as technology advances.

The team started screening again in July 2020 after it was suspended for the safety of patients during the pandemic. Due to Covid, some services including breast screening had a reduction in patients attending appointments because they were either shielding or concerned about the virus.

"This brand new unit is an amazing asset to the community, not only does it provide a service closer to home for some residents but it allows us to reduce waiting times and the need to visit a hospital, which can be busy."

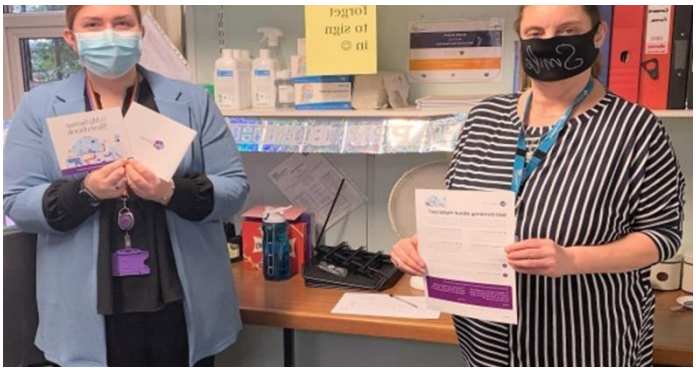
Jessica Johnson, Health Improvement Practitioner

Supporting people in their own homes

UHNM, Stoke on Trent City Council and Midlands Partnership NHS Foundation Trust have joined forces to pilot the use of home-based sensors in the homes of the city's most vulnerable patients.

25 patients signed up to the MySense trial which aims to use assistive technology to monitor early changes in health and behaviour to ensure that the right support can be put into place early. This enables the patient to continue to live independently at home and reduce the levels of attendances into the emergency department and further hospital admissions to our hospitals at Stoke and County.

MySense is a set of sensors placed in each of the patients home to monitor their movements and routines and sent to a dashboard monitored by the High Intensity Users Team to look for patterns, changes and areas of concern which could result in an admission to hospital which could have been avoided.



"The aim is to identify, intervene and resolve any issues or challenges the patients are experiencing to reduce the need for reliance on hospital care and associated risks, maintaining health and wellbeing while promoting independence and choice for patients."

Helen Ashley, Director of Strategy

National Awards

HSJ Award Winner – Smart with your Heart Project

UHNM's heart failure team recruited patients to use digital services to help them understand and manage their own condition with confidence at home and help avoid a visit to the Emergency Department or a readmission to hospital.

The Smart with your Heart project was name winner of the Driving Efficiency Through Technology 2021 HSJ Award. Following an intensive judging process, ourselves, in partnership with Midlands Partnership NHS Foundation Trust and three digital companies were handed the prestigious accolade for an outstanding contribution to healthcare.

"We were absolutely delighted to have been shortlisted in three categories but to be named as the winners in this category is the icing in the cake. It means a great deal to all those involved to be recognised in this way and we're confident that the positive impact of this award will help to create a long lasting legacy to the benefit of our patients."

Dr Dargoi Satchi, Consultant Cardiologist

Emergency Department Medical Assistant Team named Regional Champions in Parliamentary Awards

The Emergency Department Medical Assistant Team have been named as Regional Champions for their contribution during the Covid pandemic. The medical assistants are a team of students from Keele University who work alongside senior medics to provide support to patients and staff. During the pandemic, 22 additional medical assistants were recruited and the service was expanded to involve other community facing medical portals.

The addition to urgent care has significantly benefitted patients and clinicians with initial data showing the medical assistants team have helped to improve clinical decision making time in the Emergency Department by 29 minutes.

The Team was set up by Dr Andrew Davy, GP Lead for Research and Development and Emergency at UHNM and Dr Ruth Kinston, Consultant in Emergency Medical and Final Year Co-Lead at Keele University.

The UHNM medical assistants team will now go head to head with other winners from across the country to be judge by a national panel made up of senior leaders representing staff and patients, for the change to win the prestigious national award, which will be presented at a special ceremony in the House of Commons on 7th Julv 2021.

"The medical assistant team at UHNM is the first in the country of its kind. It was established in response to a need for quicker assessment and decision making in one of the busiest areas of our emergency department – ambulance triage."

Outstanding service to heart patients

In January 2021 our cardiac rehabilitation team won a national award for outstanding service to heart patient. During lockdown the team launched an innovative live-stream exercise programme which enabled people to continue with rehabilitation from the safety of their own home. More than 40, 000 people were able to access the sessions, which were facilitated in conjunction with UK heart failure charity Pumping Marvellous. The charity has now given the team the Special Recognition Award for their contribution to heart care.

UHNM Security Team recognised nationally

The Outstanding Security Performance Awards (OSPAs) reward companies and individuals across the security sector and provide an opportunity for outstanding performers to be celebrated. The UHNM Security Team were finalists in four categories; 'Outstanding Partnership', 'Outstanding Security Officer', 'Outstanding Security Manager' and 'Outstanding Security Young Professional'.

Security services at UHNM are provided through partnership working with Sodexo at Roval Stoke and in-house at the County site.

Haemodialysis Team celebrated at the British Journal of Nursing (BJN) November 2020 Awards

The team, who provide dialysis and kidney care to patients at UHNM, were shortlisted in the 'Renal Nurse of the Year' category for their work developing and information card for patients with kidney disease. The new 'Hyperkalemia card' provides information to patients about their condition and risk factors associated with high potassium. It also alerts other medical professionals to the risk and need to take urgent bloods if Hyperkalemia – higher than normal potassium in the blood is suspected.

Potassium is a chemical which is critical to the function of the nerve and muscle cells, including those in the heart but high potassium is extremely dangerous and can lead to sudden cardiac arrest.

"Although the card is a very simple idea, it could save lives and cost less than £150 and our aim is to share this good practice nationally. We were delighted to be shortlisted for this award. The team has worked very hard to push this scheme forward so it's a great morale boost for them to know we have been recognised at a national level."

Julie Cumberlidge, Deputy Associate Chief Nurse

Virtual Clinic for recovering Covid-19 patients

Our Critical Care Unit launched a comprehensive and innovative virtual multidisciplinary clinic for recovering Covid-19 patients. The pilot clinic acts as a one stop shop for patients who have recovered from a critical illness secondary to Covid-19 and involves rehabilitation coordinators, specialised therapists (speech and language therapy, occupational therapy, physiotherapy and psychology and critical care consultants). UHNM is one of the first trusts in the northern area to offer this service, which started in November 2020.

"Although the full extent of the rehabilitation needs of people recovering from Covid-19 are not yet known, the NHS Discharge to Assess Model predicts that 50% of people will require health or social care services after they have been discharged. This pilot clinic will therefore focus on helping patents to identify the long term physical, mental and cognitive impact of Covid-19 and to offer appropriate therapy and referrals as required."

Dr Ram Matsa, Consultant Intensivist and Lead for Critical Care Rehabilitation and Follow-up

UHNM one of the first Covid-19 Vaccination Hubs in the UK

Opening December 2020, one of the first patients to be vaccinated in our hub was great granddad Alan Stevenson, 81 from Blythe Bridge. Also receiving their vaccine was Rosealyn Buxton, 55 from Sneyd Green who was the first care home worker. Here they share their experiences:

"It's been a hard time, as it has been for everyone and now that I have had this vaccine and when I have the booster I hope I will be immune against the virus and try to get some normality back. It's quite a surprise and very exciting to be the first at the Royal Stoke and I'm delighted to have it!"

"I feel honoured and privileged to be the first care home worker to receive the vaccine. It took less than a second to have it done and it didn't hurt. I was asked last week if I wanted to have it done so I had to fill a form in with my name, address, doctor and then I had confirmation that it was going to be today. At first I was a bit undecided as it is something new that I have never been involved in before, but I want to protect my family, friends and work colleagues."

Thermographic technology which protects patients, staff and visitors from the spread of Covid installed

In June 2020, UHNM became the first UK healthcare organisation to deploy the innovative new technology, leading the way on the UK's road to recovery.

A total of eight cameras have been deployed strategically around Royal Stoke and County Hospital to prevent potential Covid carriers from entering and transmitting the virus to other patients and staff.

The cameras record body temperature and identify anyone displaying signs of fever, with real time alerts to enable interception and help prevent the spread of Covid and other contagious diseases.

Patient Experience and Feedback

We really value the feedback that we receive from our patients, their carers and families. We hear 'patient stories' at our Trust Board each month, which provide us with an opportunity to understand what it was like being a patient in our care and whether there is anything we learn from.

We take every opportunity to learn about how we can make the experience better for our patients and so it's great when we receive positive feedback from them – and it provides a real boost for our staff. Here is just a snippet of the fantastic feedback we've received during 2020/21.

"I had an x ray on my ankle today 21st October. I hate going places for the first time and get worked up about it. I was overwhelmed at how well I was treated from the gentleman on the door to the nurse who did the x ray. She treated me with respect and was really friendly and patient. If I have to go back for another x ray I will not be concerned about it. Thank you for your care."

"Following a blood test, further investigation was needed into my prostate readings. The blood results were reported to my GP on Friday morning. I was seen and examined that afternoon. The hospital contacted me to arrange a triage telephone call and as a result arranged an MRI scan. Following this I received a telephone report on the out come. The whole process took less than a fortnight. Every member of staff I either spoke to or met was wonderful and treated me as though I was a family member. I cannot express my admiration and thanks to all the people I encountered. Their professionalism and dedication was exemplary. This is my NHS and I am proud of it."

"I would like to thank the staff of ward 123. From the doctors to the healthcare assistants, they have been brilliant with me, reassuring me at all times. They are a fabulous team and made my stay very welcome. Nothing was too much trouble and they even had a laugh with you."

"I was treated at County Hospital for a day case gynae procedure. I had never been to County before and was a little apprehensive pre surgery. I can honestly say I have never felt more comfortable and well looked after in a hospital before. Every member of staff was kind, courteous and ensured that my dignity was maintained. The whole experience has made me so proud to work for UHNM knowing I have colleagues so fantastic across the trust."

Staff Wellbeing

We value all of our staff and the important part they play in our hospitals. We know that by investing and supporting our staff, in their wellbeing and their development, we are rewarded with staff who do their very best for our patients. This has been more important than ever during the Covid pandemic which has seen our staff working under unprecedented pressures and so we have worked extremely hard to ensure that their wellbeing has been a top priority. Below provides a summary of just some of the work that we have been doing during 2020/21 to ensure our staff are supported.

Over 100 trained Critical Incident Support Management practitioners have provided support to teams to enable reflection on incidents	3 Virtual Covid-19 rehabilitation course, 2 onsite courses have been commissioned for 40 staff to undertake	A programme of 'Listen and Learn' events have been developed and delivered which have sensitively covered staff experience of the pandemic	A full calendar of health and wellbeing seminars have been provided each month with over 400 staff accessing these opportunities
Development, with system partners, of an online Psychological Wellbeing Hub enabling access to additional mental health and wellbeing resources	Flourish at UHNM MY WELLBEING	'Rainbow' Team listening support sessions, with in excess of 20 teams accessing the intervention	Weekly system wide psychological support meetings which has enabled the development of collaborative approaches and solutions at system level
Development of the RESPOND 7 step model to wellbeing conversations, in collaboration with Combined Healthcare Trust	400 staff have received training on the RESPOND model and we have also provided training to St John Ambulance and West Midlands Ambulance Service	Several clinical areas, including Critical Care have been supplied with laptops and iPads to enable staff with online individual and team psychological	Over 180 staff had the opportunity to access the 'First Class Lounge' courtesy of Project Wingman
Laminated packs for display on ward notice boards have been provided, including key information and support helplines along with pocket size support cards	70 staff have access confidential 1-1 support provided by the People and Organisational Development Team and trained Mental Health Nurses	TEA & EMPATHY LINE Tea & Empathy is our new peer to peer 24/7 listening support service Call switchboard: Internal: Dial 0 External: 01782 715 444	Development of a 24/7 Tea and Empathy Service with over 38 members of staff coming forward to listen, deliver peer support and signposting

Staff Development and Widening Participation

Despite the Covid pandemic, the Learning, Education and Widening Participation team have adapted, engaged, supported and led on a number of education projects and supported the wider organisation on volunteer recruitment, managing education facilities and the roll out of a number of virtual training sessions. In this time, the team supported a number of our educators and staff to adopt technology for new ways of learning, training and readiness. Here are some of the highlights:

Apprenticeships

Our Learning, Education and Widening Participation Team are responsible for delivering on the National Apprenticeship Programme

This year we demonstrated a steady uptake of existing staff wanting to develop their career by undertaking a qualification via the apprenticeship route

We signed 61 new apprenticeships and overall we have 560 staff on an apprenticeship from Business Administration to a Masters in Senior Leadership

The programme continued throughout 2020/21 to host a wide range of apprenticeship standards; cohorts include Nursing, HR, Healthcare Science and Medical Physics

We also support internal staff development in Maths, English and Information Technology by signposting and facilitating functional skills

We are also part of the National Apprenticeship Trailblazer Group which will be starting to develop the Doctor Apprenticeship

Work Experience

"In 2020/21 we had to adapt our work experience offer due to Covid and for the majority of the year, placements were on hold. However, what we did do.....".

The team focussed on recruitment of student volunteers and supported our in-house volunteer team. This included supporting the recruitment and training of over 50 student volunteers from application form to starting.

Development of 'Step into UHNM' Programme, this meant we delivered sessions by virtual talks which focussed on clinicians talking about their roles, how they started their career and what it's like to work at UHNM.

The talks have been inspirational to our local communities and the programme will continue into 2021/22 with a focus on Medics, Nurses, Allied Health Professionals, Healthcare Scientists, Estates and Facilities.

We've also been working with schools and colleges to support their student career aspirations by our unique mentoring offer.

Learning, Education and Widening Participation Projects

Working in partnership with our Head of Midwifery, Staffordshire University and Newcastle and Stafford Colleges we supported aspiring midwives using the latest simulation mannequin

We are working with teaching staff in schools to develop lesson plans to demonstrate how curriculum is applied in the NHS

We continue to support Armed Forces service personnel and their families who are looking to work in the NHS

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We are a member of Stoke and Staffordshire Local Enterprise Partnership's Skills Advisory Panel advising the Partnership on the application of its skills strategy

We continue to be one of the Cornerstone Employers for the Stoke Opportunity Area to raise education standards to allow young people to reach their full potential

We support local and national initiatives to support unemployed members of the community back into work

The Frailty Academy which was developed to deliver Frailty Training to health and care colleagues has achieved a landmark in this year by delivering training to over 1000 delegates

We launched UHNM Career Conversations to provide staff with career information, advice and guidance, supporting professional aspirations and signposting on to their 'next steps'

Over 80 career conversations have been completed with staff all of which have resulted in them enrolling on further personal development activities or additional career support activities

As part of the ongoing project, Thistley Hough Academy students have been supported with oral health, physical exercise and healthy eating

Resources are being developed to include schemes of work and lesson plans that will be disseminated to all secondary schools in Staffordshire.

Success and Recognition

We received recognition from one of our key education partners in Newcastle, Stafford and Colleges Group (NCSG) who named UHNM Employer of the Year to complement our dedication to providing efficient communication and liaison with their students in supporting their studies with high quality enrichment sessions, virtual work experience to support continuation of the Gatsby benchmarks during a pandemic and apprenticeships.

A Centre of Excellence - Our Awards

Virtual UHNM Staff Awards 2020

Key to our 2025Vision is to be a world class centre of clinical and academic achievement and care – where our staff work together to ensure our patients receive the highest standard of care and one where the best people want to work.

For the first time, a virtual staff awards ceremony was held in October 2020 and the winners are listed below:

Employee of the Year
Debbie Jones

Hospital Hero
Julie Jefford

Hospital Hero
Alejandro Bancale

Leader of the Year
Melissa Hubbard

Rising Star
Deborah Tomlinson

Apprentice of the Year
Georgia Roden

Apprentice of the Year
James Sanderson

Clinical Team of the Year
Breast Care Team

Non Clinical Team of the Year
IM&T

Behaviour to Inspire
PICU

Wellbeing Initiative
Critical Care

Bright Idea Award
Anaesthetics & Gynaecology

Research Culture Recovery Trial Team

UHNM Charity Award
Mr Golash

Volunteer of the Year
Mary Jackson

Partnership of the Year
CRIS Team

Research and Innovation

We recruit thousands of patients per year into studies led by internationally renowned researchers in a variety of areas from novel interventions and drugs to device innovations which aim to improve quality of life and outcomes for our patients. Research nurses and midwives work alongside clinicians, multidisciplinary teams and support services to identify potential research participants, discuss trials with patients and provide care throughout the studies.

During the pandemic UHNM has been contributing to the delivery of national Urgent Public Health Studies in response to COVID-19. The trials have provided important information on the epidemiology of the virus as well as potential treatment options for those affected by COVID-19.

During 2020/21:

- We recruited more than 6000 participants to COVID-19 research studies, this contributed to UHNM being the second highest recruiter for the West Midlands.
- We were one of the top 3 recruiting sites in the country for REMAP-CAP, this intensive care based study, looks at patients with Community Acquired Pneumonia and identifies the effect of a range of interventions to improve outcome.
- We have successfully opened and recruited 250 participants to the SIREN study, which looked at whether prior infection of SARS-CoV2 protects against future infection of the same virus.
- We continue to support home-grown research, this included setting up and opening the COVAC-IC study in less than 3 months. This study looks at the immune response to COVID-19 vaccines in immunocompromised patients with haematological disorders.
- We are sponsoring a medical device trial led by one of our UHNM Paediatric consultants in collaboration with an international company. The trial which will look at performance and adherence in children and young people whilst using asthma devices.
- We continued to support the management and evaluation of the £1.2m Innovate UK Heart Failure Test Bed which uses digital technology to improve early detection of deteriorating health in heart failure.
- A small grant of £14,000 was awarded by the North Staffordshire Medical Institute to a UHNM Dietician with support from the academic team. This pilot/feasibility study will look at whether using coloured crockery with older people improves their dietary intake.
- One of our cardiology consultants has been awarded a Clinical Research Network West Midlands Academic Research Scholarship. This will enable him to develop his research portfolio and strengthen links with Keele CTU.
- A Speech and Language therapist has been successfully awarded a Clinical Research Network West Midlands personal development award to support them to develop their research skills and portfolio.
- UHNM has acquired RED-CAP, which is a system that enables better data management and also enables virtual consenting of patients taking part in research.
- The COVID pandemic has helped the research department to explore different ways to run research trials; it has helped to streamline processes and facilitated the progress of remote consent and remote monitoring of studies.

New Director of Research and Innovation appointed

Dr Kamaraj Karunanithi, was appointed to the post of Director of Research and Innovation. Dr Karunanithi a Consultant Haematologist, manages various commercial and National Institute for Health Research (NIHR) studies at UHNM and is a member of Research and Innovation's clinical oversight group for research studies approval.

Dr Karunanithi is an expert in the management of Myeloma and has a special interest in stem cell transplant and various Myeloma-related clinical trials. He has been Clinical Director for Haematology, Oncology, Immunology and Palliative Care at UHNM since 2018.

Dr John Oxtoby, Executive Medical Director, said: “Dr Karunanithi has been instrumental in Myeloma research and his knowledge and experience will be invaluable to us as we work towards our vision for the future. We would like to congratulate Dr Karunanithi on his new appointment and wish him every success with this new role.”

Covid-19 Studies at UHNM

March 2021 marked 12 months since UHNM recruited its first patient into research studies about Covid-19. Since that time almost 2,000 patients from Royal Stoke University Hospital and County Hospitals, Stafford have been involved in studies and research from diagnostic testing through to life saving drugs and therapies.

The first study the UHNM Research and Innovation team were involved in was called ISARIC - a global pandemic study which had lay dormant since 2011 ready to surface for any potential emergence of infectious disease or, in the case of 2020, a new emerging respiratory virus. With this the ISARIC Coronavirus Clinical Characterisation Consortium was launched.

Dr Chris Thompson, Consultant in Renal and Intensive Care Medicine and Principal Investigator ISARIC said: “from the start of the pandemic cases of hospital admissions increased and very quickly clinical characteristic of Covid-19 was the most important part of the study and fed in to the Chief Medical Officers response to the new pandemic. This was extremely fast paced with data collected and added to national database in real time. The data needed constantly changed and was implemented immediately which is something very different to usual practice in research which can often be lengthy and slow.

“As new clinical trials came on board such as the RECOVERY trial and REMAP-CAP, the data collected for ISARIC added supporting data assessing how quickly new treatments suitable for patients with Covid-19 in hospitals were implemented. Currently, the study is still looking at clinical characteristics of the disease along with real time data for patients receiving new therapies for Covid-19 such as Dexamethasone, Tociluzimab and Sarilumab. We have submitted 4,012 sets of data for ISARIC and this has assisted in the development and review of UHNM Covid-19 Care Plans.”

The ISARIC study has included support from the whole UHNM research and innovation delivery team as well as support from the pharmacy, microbiology and nursing when data collection was focusing on tracking treatments for patients.

Dr Thompson added: “The RECOVERY trial and REMAP-CAP have helped provide new treatments in an amazing timescale for this emerging disease. The whole of UHNM should be immensely proud of how they have supported research into Covid-19. Additional to this and for the first time ever 250 staff at UHNM have been actively involved as research participants in the national SIREN study.”

NIHR Research for Patient Benefit award

Approximately 200 patients took part in the ‘Helium’ study, which was funded by the National Institute of Health Research (NIHR). Results of the study will help clinicians to develop evidence-based medicine, leading to a greater benefit for patients. Patients will also have more informed choice regarding treatments. UHNM successfully completed the study, which has been accepted for publication by British Journal Obstetrics & Gynaecology.

Mr Gourab Misra, consultant in obstetrics and gynaecology, said: “We really want to congratulate the helium research team for having their paper outlining the finding of the Helium trial published in BJOG: An International Journal of Obstetrics and Gynaecology. This is a fantastic achievement and everyone has worked incredibly hard to bring this benefit to patients.”

The team were awarded an ‘NIHR Research for Patient Benefit’ grant to conduct a randomised controlled trial into Laparoscopic excision/ablation with helium thermal coagulator compared with electro-diathermy for the treatment of mild to moderate endometriosis.

Working with our Partners

Keele University

By partnering with our local organisations we can continue to support, develop and build our workforce through offering high quality education, training and research opportunities.

Keele University is a key strategic partner of ours and we are particularly proud of our partnership with their Undergraduate Medical School in the delivery of our 'Bachelor of Medicine' and 'Bachelor of Surgery' courses, which have been a huge success.

There have been many competing challenges and priorities for both UHNM and Keele which have been compounded by the pandemic during the 19/20 academic year. The relationship between the two organisations has strengthened and grown. There has been much collaboration and support for each other to reach the shared goal of 'graduating excellent doctors'.

The recent Quality Management visit to UHNM by Keele University was overwhelmingly positive despite medical student learning being impacted on by the pandemic. UHNM clinical teaching was ranked as **outstanding**. Maintaining Medical Students learning at UHNM throughout the pandemic was seen as a good example of partnership working between Keele University and UHNM.

Here are just some highlights of our good practice:

- Working with the Trust to have Early lateral flow test kits provided for Medical and Physician Associate students and early Covid vaccines offered to Medical and PA students
- CEC rooms converted into multifunction rooms to allow for skills over spill and to help remediate lost learning.
- Close working with PA team to ensure wards and departments not overwhelmed with students.
- Retired clinicians providing online teaching.
- Individual teaching rooms in CEC with webcams and headsets for use on teams.
- Good working relations with the Trust to expedite Medical Assistant placements. Working together to the advantage of patients and students
- New Interim Foundation Year posts - another example of working together to the advantage of patients, students, and junior doctors.
- Medical students volunteered to help on the acute areas of the Trust to support clinical areas through the pandemic.
- The National Student Survey (NSS) survey which is completed by final year students every year ranked Keele Medical School 8th in the UK. Satisfaction rate for the overall course was 89%. The final year pass rate for 2020 was 99.23%

PFI Partnership Working

We are very proud of our partnership working with our PFI partners, Project Co, Sodexo, Siemens and KCOM which is recognised at a national level as being exemplary.

During 2020/21 which has been an unprecedented year related the global pandemic our partners have been required to show flexibility and resilience to support the trust in the fight against Covid-19. The teams responsible for delivering estates, facilities and data & technical services have had to adapt at short notice, responding to requests for additional services and supporting the clinical teams to deliver in what has been an extremely challenging year for all involved. They have responded in many ways, which has been highlighted below, showing the benefits of the partnership working that occurs on site and the trust that each party shows in one another to achieve what is needed.

Partnership response to COVID-19

- **Volunteer Training**: at the beginning of the pandemic it was identified that a work force of volunteers may be required to help with non-clinical tasks such as cleaning, help at mealtimes and general housekeeping duties on the wards. A team of facilities, dietetics and nursing staff planned and implemented the training for over 70 non clinical UHNM staff, in preparation for them being needed on the wards. The training covered, amongst other things, infection prevention, food safety and ward etiquette.
- **Domestics:** The domestic service has supported through additional resources throughout the last year, with dedicated teams in certain areas based on the clinical demand, this allowed a quicker turn around for terminal cleans promoting patient flow and giving particular area's more attention based on the area demand. Area's such as Theatres and PACU had additional resource to reduce the pressure on certain tasks, enabling nursing teams to concentrate on the patients to delivering the care required. Additional services have been provided in a variety of new locations such as the Welfare Area's, relaxation PODS and new clinical spaces created to meet the demands of the pandemic.
- **Catering**: The catering team have also supported the Trust needs appropriately throughout the pandemic. These included supplying over 2000 buffet boxes over the Christmas period, supporting with hydration stations for areas of high demand within the trust and managing well with set Covid Menu throughout the course of the pandemic. The team have also supported with getting complimentary food items out to staff. The Retail team supported early on in the pandemic through the creation of snack bags for all staff on site, supplying wards with food and drink to get them through the day and ensure the clinical teams could continue with the urgent care of patients. The catering outlets opening times were reviewed to ensure hot food and snacks are offered throughout the night giving essential services the

provision they needed. The team have also supplied, on various occasions, significant amounts of breakfast baps, coffees/tea's at the request of the trust to say thank you for the efforts of all teams on site throughout the year.

- **Portering**: The portering team have been extremely busy throughout the pandemic and have responded well to what was required of them. They have been actively providing mask station top up services to ensure PPE requirements are met for staff and visitors, Providing additional support to AMU , ED and Imaging to support patient flow and providing extra cleaning of wheelchairs and other portable equipment to reduce the risk of cross infection.
- **Security/Helpdesk**: the teams have been providing additional security presence throughout 2020 to manage the Vaccination centre that has been in situ on site. The helpdesk has been managing the highest number of inbound calls recorded since the contract began, with up to 50,000 calls per month.
- **Variations and Project works:** The Trust Capital Team and Sodexo have worked in collaboration on a number of critical projects to support the service during the pandemic. Teams have also responded to the vast increase in demand for the additional variations to enable trust services to continue throughout the pandemic. Examples of the works have included providing additional segregated areas within ED, perspex screens the Atrium main entrance and the installation of a vaccine hub in Pharmacy.

Partnership delivery of service advancements

During 2020 /21 the Trust and PFI providers have achieved the delivery of new projects to support and assist patients, staff and visitors with advancements in key areas.

Estates, KCOM & Siemens network and equipment developments have included the introduction of new Wi-Fi service across Royal Stoke, new Cardiology PACS service, upgrade to multi-dose injectors in CT and contingency PACS solution, and installation of the CSSD replacement washer.

Thank you doesn't seem enough for the enormous part all the teams have played during the Covid pandemic.

Over the past 12 months numerous comments/compliments have been received from Trust staff and patients/visitors for all the various services provided, there are too many to include them all so listed below are just two examples.

"A massive thank you to all the domestic teams working in supporting the ED department in keeping us safe during the Covid 19 pandemic. The amount of deep cleans your completely on a daily basis is fantastic and you do it all with a smile shift in shift out. We could not get through a shift without you. You're all a valued team."

"Tracy Bullock would like to give William Knock and Liam Eccleston the CEO Award in recognition of the lifesaving care they gave to someone on site recently."

Part B: Performance Analysis

Financial Performance Review

For 2020/21 the existing funding arrangements for NHS Trusts were suspended and temporary changes were introduced to ensure that Trusts had sufficient income and cash to maintain their services. The arrangements for the first 6 months of the year consisted of a block payment on account based on the average expenditure run rate for month 8 to 10 in 2019/20 uplifted for inflation plus a retrospective top up to ensure that the Trust achieved a breakeven position each month; under these arrangements the Trust received a total of £25.394m of retrospective top up funding for the first 6 months of the year. The financial performance of breakeven for the first 6 months was heavily influenced by two key factors:

- Additional expenditure of £10.9m relating to Covid-19 including the costs for the early start of undergraduate Nursing and Midwifery students and the final year medical students
- A significant reduction in Clinical Supplies expenditure (the Trust spent £8.3m less in the first half of this year than for the same period last year)

For the second 6 months of the year the block payments continued but the top up payments were fixed with the Trust receiving a top up of £20.296m for the second 6 months of the year. The Trust's plan for the second 6 months of the year was to deliver a deficit of £2.2m including the receipt of £12.4m of deficit support funding (£4.95m from DHSC and £6.25m from CCGs). The actual surplus achieved of £7.1m was mainly as a result of central funding being made available for the increase in the Annual Leave accrual, the impact of the Flowers Employment Appeal Tribunal and to compensate the Trust for reduction in other income. In addition to this the Trust saw lower levels of expenditure on Clinical Supplies during the lockdown in early 2021.

Throughout the year the Trust has reported its financial performance against the temporary funding arrangements and also against its internal budgets which were set before the beginning of the financial year.

For the second year running the Trust has delivered a surplus and has a plan to breakeven for the first half of 2021/22 for which the temporary funding arrangements have been extended; funding arrangements for the second half of the year have not been agreed yet.

The Board of UHNM is the Corporate Trustee for the UHNM Charity. Charitable income received for the year from donations, legacies and investments amounted to £3.2m. During the year £4.2m was spent on advanced medical equipment, staff development, high quality research and enhancing the hospital environment.

Statement of Comprehensive Income Account: Year Ended 31 March 2021

	2020/21		2019/20	
	£'000	%	£'000	%
Revenue from patient care activities	777,292	85%	723,279	86%
Other operating revenue	137,784	15%	117,357	14%
Total revenue	**915,076**	**100%**	**840,636**	**100%**
Operating expenses	(881,523)	98%	(826,612)	**97%**
Operating surplus / (deficit)	**33,553**	**4%**	**14,024**	**2%**
Other gains and losses	71	(0%)	40	(0%)
Surplus / (deficit) before interest	**33,624**	**4%**	**14,064**	**2%**
Investment revenue	99	(0%)	299	(0%)
Finance costs	(17,131)	2%	(24,190)	3%
Surplus / (deficit) for the financial year	**16,592**	**2%**	**(9,827)**	**(1%)**
Public dividend capital dividends payable	(5,637)	1%	0	0%
Retained surplus / (deficit) for the year	**10,955**		**(9,827)**	

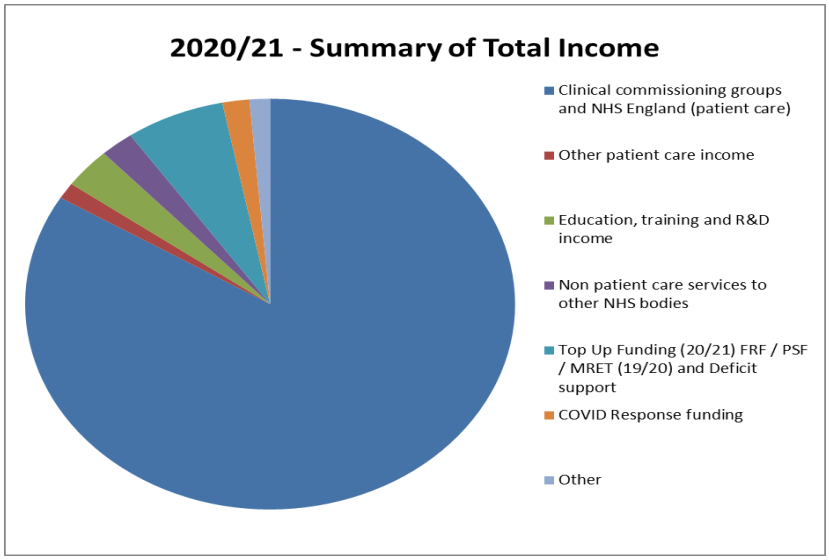
Performance against Breakeven Duty

	2020/21	2019/20
	£'000	£'000
Retained support / (deficit) under IFRS	10,955	(9,827)
Impairments	15	15,057
Adjustments for donated asset/gov't grant reserve elimination	(3,110)	1
Net impact of DHSC provided inventories for Covid response	**(775)**	
Adjusted financial performance surplus / (deficit)	**7,085**	**5,231**

Revenue Income

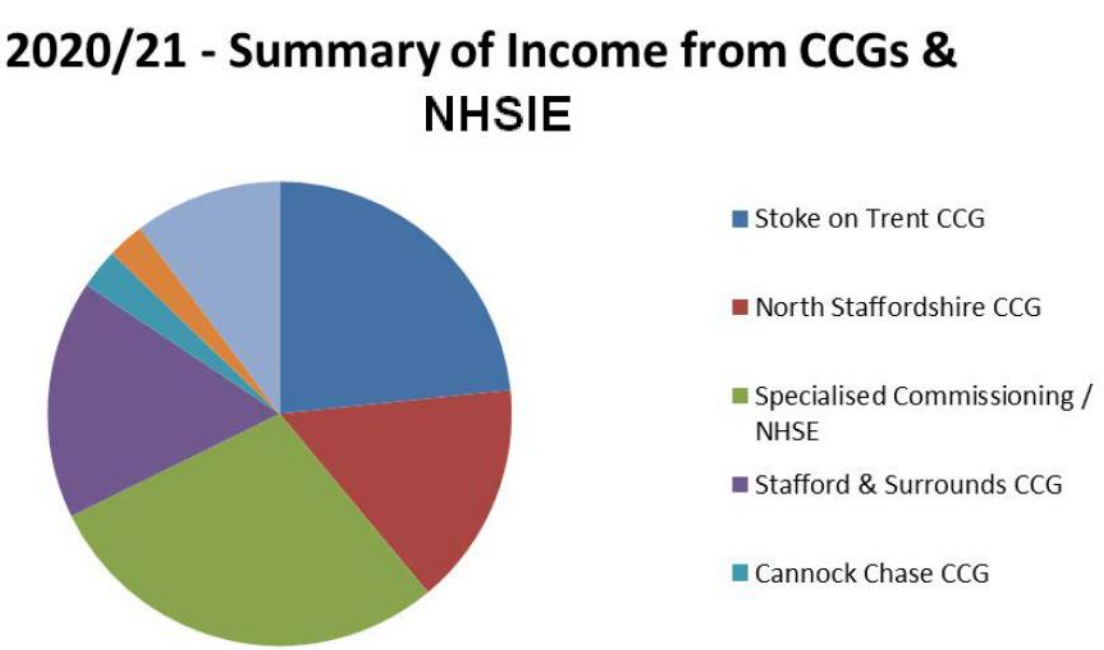
Income in 2020/21 totalled £915.1m. The majority of the Trust's income (£765.6m, 83.7%) was delivered from Clinical Commissioning Groups and NHS England in relation to healthcare services provided to patients during the year. Other operating revenue relates to services provided to other Trusts, training and education and miscellaneous fees and charges. 2020/21 Funding includes Top Up Funding and specific Covid response funding, but FRF/PSF and MRET funding was not received in year as a result of the funding changes.

Summary of Total Income 2020/21



	2020/21	2019/20
	£m	£m
Clinical Commissioning Groups and NHS England (patient care)	765.6	709.4
Other patient care income	11.7	13.9
Education, training and R&D income	29.1	30.1
Non patient care services to other NHS bodies	20.4	15.1
FRF / PSF / MRET and Deficit support	59.7	56.8
Covid Response funding	16.3	
Other	12.4	15.3
Total revenue	**915.1**	**840.6**

Summary of Income from CCGs & NHSIE 2020/21



	2020/21		2019/20	
	£m	%	£m	%
Stoke on Trent CCG	181.7	23%	186.4	26%
North Staffordshire CCG	121.2	16%	125.2	17%
Specialised Commissioning / NHSIE	223.6	29%	226.1	31%
Stafford and Surrounds CCG	129.3	17%	75.9	10%
Cannock Chase CCG	21.6	3%	22.4	3%
South Cheshire CCG	20.1	3%	13.2	2%
Other	79.8	10%	74.2	10%
Total revenue from patient care	**777.3**	**100%**	**723.3**	**100%**

	2020/21	2019/20	% Change
	£m	£m	%
Revenue from patient care activities	777.3	723.3	7%
Other revenue:			
Medical school (SIFT)	6.4	7.4	(13%)
Junior doctor training (MADEL)	14.1	13.7	3%
WDD funding	2.4	4.0	(38%)
Research and development	2.6	3.5	(26%)
Non patient care services to other NHS bodies	18.3	15.1	21%
Other Income	93.9	73.7	27%
Total other revenue	**137.8**	**117.4**	**17%**
Total revenue	**915.1**	**840.6**	**9%**

Operating Expenditure

Staff costs at £553.2m represent 62.8 per cent of the Trust's operating expenditure with clinical supplies and services non pay costs representing a further 19.4 per cent. A summary of operating expenditure is shown in the table below.

Summary of Operating Expenditure	2020/21	2019/20	% change
	£m	£m	%
Staff costs	553.2	506.0	10%
Other costs	76.6	76.3	(2%)
Clinical supplies and services	171.0	154.1	11%
Depreciation	30.2	28.5	6%
Premises costs	27.6	26.1	6%
Clinical negligence	23.0	20.6	12%
Total operating expenditure before impairments	**881.5**	**811.6**	**9%**
Impairments	0.0	15.1	(100%)
Total operating expenditure	**881.5**	**826.6**	**7%**

Capital

Of the capital funding in 2020/21, £18.5m was generated internally from the depreciation of assets and this is predominantly allocated to the replacement of medical equipment, ICT systems and the refurbishment of the Trust's buildings and estate. In addition the Trust was awarded central capital funding totalling £32.0m for a number of investments including the purchase of modular wards and theatres, the purchase of estate in relation to the car parking solution and the demolition of the Royal Infirmary site. The main areas of capital expenditure are as set out below:

Capital Spend	2020/21 £'000
Medical Assets	2,700
Other Medical Asset Replacement	2,300
Linear Accelerator Replacement (No. 3 of 4)	2,200
Covid Response Equipment	1,500
Diagnostic and Testing Equipment	1,300
Interventional Radiology Suite 2 – Bi Plan	900
Medical Devices Fleet Replacement	600
Pathology Equipment	2,700
Total Medical Assets:	**11,500**
ICT Schemes	
Data Centre Refresh	2,000
ICT Infrastructure	1,300
Electronic Prescribing (EPMA)	700
Laboratory Information System	600
Speech Recognition	600
Electronic Patient Letters	300
Robotic Process Automation	300
Cyber Security	100
Total ICT Schemes:	**5,900**
Estates and General Works	
Purchase of Modular Wards and Theatres	9,100
Royal Infirmary Site Demolition	6,800
Estates Infrastructure and Backlog Maintenance	5,600
Purchase of Grindley Hill in relation to Car Parking Solution	5,300
Emergency Department Accommodation	3,800
PFI Lifecycle and Equipment	2,000
Expansion of Laboratory Space	500
Total Estates & PFI Schemes:	**33,100**
Total	**50, 500**

Environmental Matters/Sustainability

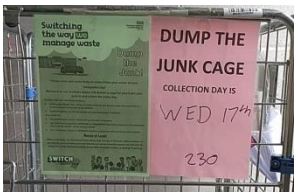
During 2020/21 the UHNM sustainability service underwent a restructure, resulting in the launch of two new Sustainability Working Groups in September 2020 and the reinstatement of the Trust Sustainability Steering Group, a strategic, high level Group which will meet biannually, chaired under Director Leadership and will help to raise the profile of Sustainability to our Trust Board.

Despite the pandemic there have been some fantastic achievements in the areas of Waste, Plastic Reduction, Energy & Water Schemes and Travel & Transport.

Waste

County Hospital invested in an environmentally friendly bio digester! Disposing of food waste safely, economically and environmentally has always been a priority at University Hospitals of North Midlands NHS Trust. The bio digester can digest up to 500kg of food waste in a 24 hour period, they require little maintenance, do not need to be cleaned out and leave no smells.

We underwent a 'Dump the Junk' project at both our hospital sites; this was carefully managed by the Waste Team who managed to ensure scrap metal was recycled as well as electrical equipment and to date over 20 pieces of equipment and furniture have been rehomed in other departments, reducing our contribution to landfill disposal!



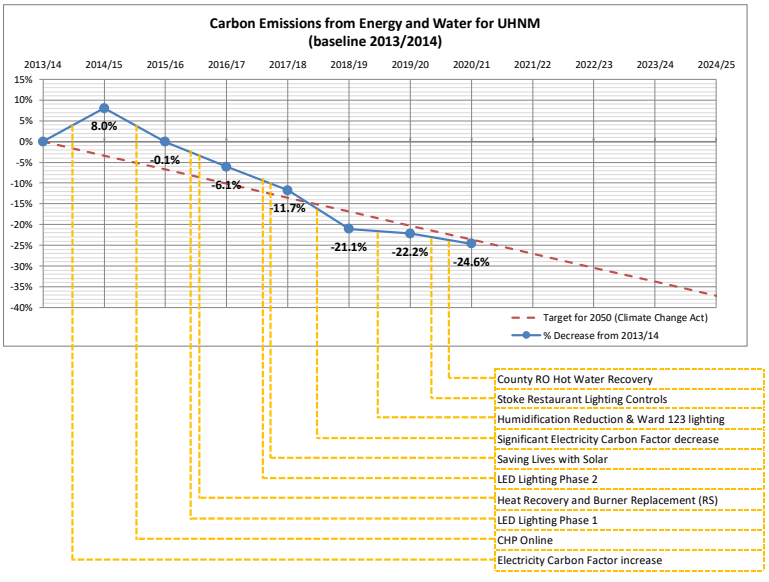
Plastic Reduction in Catering at County

Exceptional efforts were made to reduce the single-use plastic items from wards and departments by our in-house Catering Team at County. All wards and areas now have crockery cups & saucers and wards with dishwashers retain all their crockery for washing and use when required. Those without have additional crockery delivered and collected for central washing in our department.

County has already introduced metal teaspoons and knifes, for patient beverages and snacks i.e. (cheese & biscuits). A key area to address is for patient drinking cups, these used to be glass & re-usable but are now plastic.

Energy & Water

Carbon emissions relating to Energy and Water have continued to reduce in line with the required trajectory to hit the net zero targets by 2050. Various schemes have contributed to this reduction. Hot water at County Hospital was previously being dumped to drain as part of a sterilisation process; this is now being recovered and used as feed-water for the steam boilers. The lights in the restaurant at Stoke are now being controlled based on both occupancy and daylight; other areas are now being looked at for similar controls. Insulation of pipework and related services has been upgraded at both sites, and some additional LED lighting has been installed.



Various larger schemes have been worked up, and funding applied for, including from the Public Sector Decarbonisation Scheme. Unfortunately we were not successful in attracting any funding this year. The team will continue to seek funding, and innovative financing methods, to try to secure investment. It is clear that a continued decrease in carbon emissions and costs related to energy consumption will only be achieved through significant investment.

Saving Lives with Solar - Community Energy Scheme

We are delighted to report that the scheme won a BMJ award in October 2020 and although temporarily affected by the pandemic, the project team will be working to make it easier for our staff to refer vulnerable patients and prevent unnecessary re-admissions. There is a dedicated Intranet page for staff. In 2020/21 19 patient referrals were made. In addition to clinical sustainability, the scheme is also contributing to financial and environmental sustainability through off-grid solar energy generation and associated carbon savings.

Sustainable Travel and Improving Air Quality – Scoot to Commute!

Staffordshire County Council (SCC), Amey and its e-scooter provider Ginger have partnered with University of Hospitals North Midlands Trust (UHNM) to trial e-scooters from its County Hospital site. UHNM is the first NHS provider in the country to be part of an e-scooter trial.

As one of the largest employers in the area UHNM is responsible for a large proportion of traffic and congestion each day – approximately 3.5% (9.5 billion miles) of all road travel in England relates to patient, visitors, staff and suppliers to the NHS. This equates to 14% of the systems total emissions.

By trialling the use of e-scooters the Trust is providing its staff, visitors and patients not only a socially distanced travel option but also a means to reduce carbon emissions through offering alternatives to car travel for those shorter journeys.

"Our electric scooter trials in Stafford have been a great success since its launch last September, offering a safe alternative and green transport option for people. It has gradually been rolled-out to different parts of town and we're pleased to see new bays installed at County Hospital with support from the NHS Trust. The operator Ginger is offering free scooter rides to NHS employees as a mark of gratitude for the tremendous work they have been doing for us. This is an important project for the county council as we are exploring innovative clean air transport solutions as we aim to fulfil our commitment to combatting climate change."

David Williams
Staffordshire County Council's Cabinet Member for Highways and Transport

Key Issues and Risks

Our risk management framework enables us to identify, assess and manage any risks which might threaten the achievement of our objectives.

These 'strategic risks' are monitored by our Board and Committees on a quarterly basis, via the Board Assurance Framework (BAF).

Throughout 2020/21, we identified a total of 9 risks which might compromise the achievement of our Strategic Objectives.

The changes to the risk scores in respect of the 9 risks are shown below, and it should be noted that the most significant risks facing the Trust, related to sustainability of the workforce and the ability to restore services to pre-Covid levels.

Page	Summary Risk Title	Strategic Objectives Under Threat	Change in Risk Score				
			Q1	Q2	Q3	Q4	Change at Q4
BAF 1	Harm Free Care		High 9	High 9	High 12	High 9	↓
BAF 2	Leadership / Culture and Delivery of Trust Values and Aspirations		High 12	High 12	Ext 20	High 12	↓
BAF 3	Sustainable Workforce		High 12	High 12	Ext 20	High 12	↓
BAF 4	System Working – Vertical		High 12	High 9	High 9	High 9	→
BAF 5	System Working – Horizontal		High 12	High 12	High 12	High 9	↓
BAF 6	Restoration and Recovery		Ext 20	Ext 25	Ext 25	Ext 25	→
BAF 7	Infrastructure to Deliver Compliant Services – IM&T		Ext 16	Ext 16	Ext 16	Ext 16	→
BAF 8	Infrastructure to Deliver Compliant Services - Estate		Ext 16	Ext 16	Ext 16	Ext 16	→
BAF 9	Financial Sustainability		High 9	High 12	Mod 6	Mod 6	→

In addition, our risk management framework provides a mechanism by which uncertainty associated with the delivery of key performance indicators can be identified, overseen and managed. Such risks are identified at an operational level by our Divisional and Directorate Teams and where appropriate, escalated for the attention of the Executive Team via the Performance Management Review Process.

Further details on risk and the Board Assurance Framework can be found later within this report, in our Annual Governance Statement.

Going Concern

The Trust's financial statements for 2020/21 have been prepared on the basis that the Trust is a going concern. When adopting the financial statements the Board of Directors will be asked to agree with the decision made by management to prepare the financial statements as a going concern. To comply with International Accounting Standards, the Trust is required to undertake an assessment of its ability to continue as a going concern. This assessment is set out in this report for Audit Committee consideration.

Going Concern Review

Accounting standards state that financial statements shall be prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern.

The Criteria used for an NHS Trust to consider whether it prepares its accounts on a going concern basis are set out in the DHSC Group Accounting Manual (GAM) based on the HM Treasury Financial Reporting Manual (FreM). It is in line with this document that the assessment is being made.

Assessment Rules

NHS England and NHS Improvement (NHSEI) have indicated that there was to be a change in the guidance on assessing going concern for NHS organisations. This updated guidance was issued on 1 April 2021.

There are 3 main documents which set out this guidance; they are the letter sent by NHSEI, the updated GAM and the issued FAQ.

Criteria Assessment

Considering the criteria set out for preparation of the accounts on a going concern basis an assessment has been made of the Trust's position against the key criteria.

Conclusion

Considering the criteria set out for preparation of the accounts on a going concern basis and the results of the assessment made of the UHNM position with regard to this criteria it is concluded that there is no criteria response which would support the accounts of UHNM not being prepared on a going concern basis. The accounts of UHNM for 2020/21 should therefore be prepared on a going concern basis.

Tracy Bullock, Chief Executive
14th June 2021

Part B: Accountability Report

Corporate Governance Report

The role of the Board is to set strategy, lead the organisation, oversee operations and to be accountable to stakeholders in an open and effective manner. The Trust Board has a role therefore to hold the organisation to account for delivery of the strategy as well as seeking assurance that the systems of control are robust and reliable. Corporate governance is the system by which Board led organisations are directed and controlled and the Trust Board is separate from the day to day operational management, which is the responsibility of the Executive Directors and the management structure they lead.

Directors' Report – Our Board

The Board met 13 times during the year and consists of the Chair, 6 Executive Directors including the Chief Executive and 6 Non-Executive Directors. A number of other Directors also sit on the Board but do not have voting rights. David Wakefield is Chair of the Trust.

During 2020/21 and up to the signing of the Annual Report and Accounts, the composition of the Trust Board included all Directors shown below:

Non-Executive Directors

David Wakefield, Chairman

David was appointed as chair for a four year term of office on 3 April 2018. David is a qualified accountant and has held several senior executive posts, including Commercial Finance Director for Royal Mail.

He has also held a number of non-executive directorships, including the Chair at other NHS Trusts.

In addition to being Chair of the Trust Board, David chairs the Nominations and Remuneration Committee and is a regular attendee of the Performance and Finance Committee.

Gary Crowe, Non-Executive Director / Vice Chair

Professor Gary Crowe was appointed in September 2018 for an initial two year term. He was given a further two year term in August 2020. Gary is a University Professor of Innovation Leadership, attending Keele Management School and Loughborough University. He previously held senior commercial positions in strategy, business transformation and risk and financial management as a director and management consultant in the private services sector.

Gary holds a number of external board appointments and is a qualified Chartered Banker and Fellow of a number of professional organisations and learned societies.

Gary is Chair of the Audit Committee and the Transformation and People Committee. He is a member of the Nominations and Remuneration Committee.

Peter Akid, Non-Executive Director

Peter Akid was appointed in September 2018 for an initial two year term and was reappointed in August 2020 for a further two year term. He began his NHS career in 2005 as Chief Executive of the Greater Manchester Procurement Hub and over the first five years took the organisation from strength to strength.

Prior to joining the NHS, Peter held a number of key positions in strategic and operational procurement, both in the public and private sectors. Peter is a member of the Chartered Institute of Purchasing and Supply and the Chartered Institute of Logistics and Transport. He is also a member of the Royal Institute of Chartered Surveyors.

Peter is Chair of the Performance and Finance Committee and a member of the Nominations and Remuneration Committee, Charity Committee and the Audit Committee.

Sonia Belfield, Non-Executive Director

Sonia Belfield was appointed in July 2016 for a two year term, reappointed for a second term in July 2018 and a further two year term in June 2020. Sonia is a commercially focussed Human Resources Director who has operated at Board level for over 10 years within a number of different sectors.

Sonia is a Chartered Member of the Institute of Personnel and Development and holds a master's degree in Occupational Psychology (Psychology of Work) as well as being a qualified mediator. Sonia also holds a post as a Governor for Reaseheath College in Nantwich.

Sonia is Chair of the Quality Governance Committee and a member of the Audit Committee, Nominations and Remuneration Committee and the Transformation and People Committee.

Leigh Griffin, Non-Executive Director

Dr Leigh Griffin was appointed in September 2018 for an initial two year term and he was given a further year in August 2020. He has spent 12 years as an NHS Chief Executive and has worked in consultancy practice, specialising in the provision of advice to health systems on transformation, integrated care and population health management.

Leigh has worked in commissioning and commissioning support units during his career and brings a wealth of NHS experience.

Leigh is Chair of the Charity Committee, a member of the Performance and Finance Committee and Transformation and People Committee.

Ian Smith, Non-Executive Director

Ian Smith was appointed in April 2019 for a two year term of office when ended on 31 March 2021. Ian joined the Trust, having retired from his role as senior coroner for Stoke-on-Trent and North Staffordshire after 15 years in post. He had previously been the deputy coroner for Walsall from 1984 until appointed coroner in 2001.

Ian graduated with a law degree in 1974 followed by his professional qualifications at the College of Law in Chester, and then articles with Addison, Cooper, Jesson and Co, Walsall. After he became qualified as a solicitor, he became a partner at Addison, Cooper, Jesson & Co in 1980 and became the senior partner in the merged firm of Addison O'Hare. He had been both Secretary and President of Walsall Law Society.

Ian was a member of the Quality Governance Committee.

Patricia Owen, Non-Executive Director

Pat Owen was appointed in August 2020 for a two year term of office, although Pat retired on 28 February 2021. Pat represented Keele University as Non-Executive Director on the Board.

Pat's career started in nursing and spanned over 35 years with her clinical career being centred on older people's nursing and health visiting. Pat was the Professor of Nursing and Head of School at Keele University which involved facilitating the education of nurses, midwives and health professionals at pre-registration; post registration and under and post-graduate levels.

Pat was a member of the Quality Governance Committee and Transformation and People Committee.

Andrew Hassell, Non-Executive Director / Associate Non-Executive Director

Professor Andrew Hassell was appointed in April 2017 for a 2 year term and this was extended in December 2019 for a further year. When he retired as Head of the School of Medicine at Keele University in July 2020, he was given a 2 year term as Associate Non-Executive Director.

Andrew is a Consultant Rheumatologist at the Haywood Hospital and as well as his clinical activities, Andrew is chairman of the Haywood Foundation, a local charity committed to improving the lives of people with arthritis and related conditions.

Andrew is a member of the Quality Governance Committee and a member of the Charity Committee.

Executive Directors

Tracy Bullock, Chief Executive

Tracy Bullock joined us as Chief Executive in April 2019 having qualified as a nurse in 1987 at Bolton Hospitals NHS Trust and throughout her 18 years there, she progressed through a variety of roles of increasing responsibility. Tracy also held a seconded role undertaking investigations and reviews for the Commission for Health Improvement, the Health Care Commission and more latterly the Care Quality Commission, until 2019.

In 2006, Tracy joined Mid Cheshire Hospitals NHS Foundation Trust as Director of Nursing and Quality and was subsequently given the responsibilities of Chief Operating and then Deputy Chief Executive until becoming the Chief Executive in October 2010.

Tracy is a member of the Performance and Finance Committee, the Transformation and People Committee, the Charity Committee and attends the Nomination and Remuneration Committee.

Paul Bytheway, Chief Operating Officer

Paul Bytheway joined us in 2019 from Portsmouth Hospitals NHS Trusts where he held the position of Chief Operating Officer. Paul came to the NHS after qualifying in Wolverhampton as a nurse in 1995. He moved to London and specialised in emergency department nursing before moving into general management in 2002.

Paul remains registered as a nurse and enjoys spending time on 'shadow shifts' with teams across the organisation. Paul has a wide variety of experience, built up from general management roles.

Paul is a member of the Performance and Finance Committee, Quality Governance Committee, Transformation and People Committee and Charity Committee.

Mark Oldham, Chief Finance Officer

Mark Oldham joined us in June 2019 as an experienced Director of Finance having moved from Mid Cheshire Hospitals NHS Foundation Trust where he served 10 years as their Finance Director. Originally joining the NHS from Local Government in 1990 Mark has 30 over years' experience in both the acute and community sector in a wide range of finance roles.

Mark is a member of the Chartered Institute of Public Finance Accountants and has also undertaken further study with the NHS Leadership Academy in respect of Executive Director Development programme.

Mark is a member of the Performance and Finance Committee, Transformation and People Committee, Charity Committee and an attendee of the Audit Committee.

John Oxtoby, Medical Director

John Oxtoby was appointed as Medical Director in April 2017, having originally joined us as a Consultant in radiology and nuclear medicine in 1996. His areas of clinical practice are nuclear medicine diagnosis, general radiology, vascular ultrasound and thyroid imaging. He has significant medical management duties and is also our Caldicott Guardian.

After qualifying in 1984, he undertook broad based medical training in the UK and New Zealand between 1984 and 1990.

John is a member of the Quality Governance Committee and Charity Committee.

Michelle Rhodes, Chief Nurse

Michelle Rhodes joined us in September 2019 as our Chief Nurse. Michelle qualified as a Registered Nurse from Nottingham School of Nursing in 1989. Since that time she has worked in acute and community settings in Nottingham, Leicester, Staffordshire, Lincolnshire and now back to Staffordshire and Stoke.

Michelle worked as a Director of Commissioning and Executive Nurse in Nottingham City PCT, as Chief Operating Officer at Nottingham University Hospitals NHS Trust and as Interim Chief Operating Officer for Mid Staffordshire NHS Foundation Trust and Director of Operations and Director of Nursing & DIPC at Lincolnshire Hospitals.

Michelle is a member of the Quality Governance Committee, Transformation and People Committee and the Charity Committee.

Ro Vaughan, Director of Human Resources

Ro Vaughan was appointed as Director of Human Resources in December 2014, having acted in the role for a period prior to that. She has a masters in Human Resources leadership and extensive experience of human resources gained in roles within the acute hospital setting and the strategic health authority.

Ro is a fellow of the Chartered Institute of Personnel and Development with over 20 years' experience of complex organisational change management, workforce planning and leadership and organisational development.

Ro is a member of the Transformation and People Committee, Quality Governance Committee and Charity Committee. Ro is also an attendee of the Nominations and Remuneration Committee in an advisory capacity.

Other Directors

Helen Ashley, Director of Strategy & Transformation / Deputy Chief Executive

Helen Ashley joined us in 2016 following nearly seven years as Chief Executive at neighbouring Burton Hospitals NHS Foundation Trust. Helen studied social policy and administration at the University Hospital of Nottingham before spending six years as Director of Finance/Deputy Chief Executive at Erewash Primary Care Trust. Helen left this role to become Director of Corporate Development at Burton Hospitals before becoming Chief Executive.

Having joined the NHS as a graduate regional finance trainee and qualifying as a Chartered Management Accountant, Helen has a strong finance background.

Helen is a member of the Performance and Finance Committee, Transformation and People Committee and Charity Committee.

Mark Bostock, Director of Information Management and Technology (IM&T)

Mark Bostock joined us from Informatics Merseyside in 2013, an NHS shared service providing Information Management and Technology Services. Mark has worked in NHS IT for over 23 years.

Having worked as a Software Developer and IT Manager for the German engineering organisation Continental, Mark joined the NHS in the mid 1990's and has previously held Director of IM&T roles in Acute and Mental Health Trusts in Preston, Manchester and Liverpool.

Lorraine Whitehead, Director Estates, Facilities & Private Finance Initiative

Lorraine was appointed as Director of Estates, Facilities and PFI in 2017, having worked in the Trust for many years, commencing as an administrative trainee in Trust Headquarters in 1987. Exposure to the executive agenda gave her an appetite to pursue senior management in the NHS as a career path. Lorraine subsequently worked in various managerial roles at all levels before becoming a Deputy Director.

Lorraine has a masters in Facilities Management and is an expert on PFI contract management, having provided HM Treasury and the Private Finance Unit with a case study on her experience and supporting the Department of Health with a review of national guidance on public/private sector contract management.

Lisa Thomson, Director of Communications

Lisa Joined the Trust in August 2020, having over 15 years' experience at director level in the NHS. She has worked at a senior level in both highly regulated private and public sectors with experience in leading communications and fundraising in large acute trusts and national experience working with Lord Darzi on 'High Quality Care for All'.

Lisa's pervious roles have included the leadership of a multimillion integrated healthcare business and the delivery of organisational and change communications programmes on new service developments including the community engagement to secure funding for a new hospital.

Our Committees

Our governance structure provides the Board with a means of scrutiny and assurance on the key components of our business.

Our committees report directly into the Trust Board, each of which is chaired by a Non-Executive Director. Their effectiveness is reviewed on an annual basis, along with their terms of reference and membership.

Below provides an overview of our Committees:

Audit Committee

The Audit Committee monitors and reviews the establishment and maintenance of an effective system of integrated governance, risk management and internal control across clinical and non-clinical activities.

Performance and Finance Committee

The Performance and Finance Committee monitors and provides assurance to the Board on the performance and achievement of our financial and operational plans, including recovery.

Quality Governance Committee

The Quality Governance Committee monitors and provides assurance to the Board on the performance and achievement of our Quality Strategy. This includes patient safety, patient experience and effectiveness.

Nomination and Remuneration Committee

This is a non-executive only committee that determines the remuneration and terms of service arrangements for executive directors and very senior managers.

Transformation and People Committee

The Transformation and People Committee monitors and provides assurance to the Board on the performance and achievement of People, Research and Innovation and our Transformation Strategies.

Charity Committee

The Charity Committee ensures that charitable funds are managed in line with agreed policies on investment, fundraising and disbursement

Declaration of Interests

Our Standards of Business Conduct Policy defines a conflict of interest as ‘a set of circumstances by which a reasonable person would consider that an individual’s ability to apply judgement or act, in the context of delivering, commissioning, or assuring taxpayer funded health and care services is, or could be, impaired or influenced by another interest they hold’.

A process of registration is in place which requires decision-making staff to declare any interests and is overseen by the Audit Committee. In accordance with national expectations, this information is made available publicly via our website www.uhnm.nhs.uk .

Details of company directorships and other significant interests declared by members of the Board during 2020/21 were as follows:

Director	Interests Declared
Peter Akid	• Consultancy work. February 2021 – March 2022. 2 days per month.
Helen Ashley	• Auditor of accounts for UK Youth Development League. 1 day in November 2020.
Sonia Belfield	• Director of Tunstall Healthcare. Full time Employment - September 2018 to present.
Mark Bostock	• Non-Executive Consultant for WiFi Spark. February 2021 - on-going. 1 day per month.
Tracy Bullock	• Lay member of Keele University Council. November 2019 to November 2023. Maximum 10 days a year.
Paul Bytheway	• Chair of St John's Ambulance. 1989 to present. Approximately 2 days per month. • Trustee of St Mary's Hospice Charity. December 2020 to present. 25 days a year.
Gary Crowe	• The Dudley Group of Hospitals NHS Foundation Trust (Non-Executive Director). • The Human Tissue Authority (Lay Member). • Stafford Railway Building Society (Non-Executive Director). • Reaseheath College (Independent Governor).
Leigh Griffin	• Trustee to the Brandon Trust. April 2021 onwards. 1 day/month. • Bank employee of ArdenGEM Commissioning Support Unit. December 2020 onwards. 12 days/month. • Owner of Leigh Griffin Consulting Limited. 2017 to date. 1 day/month. • Founding Associate of MProve Consulting. April 2020 to date. 2 days/month.
Andrew Hassell	• Consultant Rheumatologist - MPFT. On-going. 1 day per week. • Professor of Medical Education at Keele University. On-going. No fixed time commitment. • Chairman, Haywood Rheumatism Research and Development Foundation (Registered charity). On-going for 15+ years
Katie Maddock	• Accreditation Team Member for General Pharmaceutical Council. From Sept 2012 to present. Approximately 8 days per year. • Head of School of Pharmacy and Bioengineering at Keele University. From October 2008 to present.
Mark Oldham	• Son has secured a job in the IT department as a Desktop Technician.
Patricia Owen	• Professor and Head of the School of Nursing and Midwifery, Keele University. January 2013 to present. Full time commitment. • Trustee - Institute for Health Promotion and Education (Honorary Treasurer). 2017 to present. 1 hour per week commitment.
John Oxtoby	• Director of Dawn River PLC (Holiday Cottage Rental with no impact on UHNM). 2015 to present. Minimal time commitment.
Michelle Rhodes	• Nothing to declare.
Ian Smith	• Assistant Coroner for Staffordshire (South) - Unlimited time period. • Course Director for Judicial College - Until 2022.
Fiona Taylor	• Committee member: Accord Housing Association. From January 2020 onwards, 4 meetings per year. • Open University: Associate lecturer. From 2009 onwards, Flexible time commitment. • Healthwatch Birmingham & Solihull: Non-Executive Director. From November 2019 onwards, 4 meetings per year.
Lisa Thomson	• Nothing to declare.
Ro Vaughan	• Nothing to declare.
David Wakefield	• Non-Executive Director - Crown Commercial Service (Cabinet Office). 2015 - 2023. 2 days per month.
Lorraine Whitehead	• Son has been appointed, following a competitive interview process, to an Apprentice Engineering role with Sodexo at UHNM. 2021 – 2025.

Data Security and Protection

For the period between April 2020 and March 2021 there has been 1 personal data related incidents which was reported to the Information Commissioner's Office (ICO). Further details regarding Data Security and Protection can be found within the Annual Governance Statement.

Our Trust Policy for Data Protection, Security and Confidentiality sets out a high level framework to preserve the security of information and information systems, including confidentiality, integrity and availability. The Trust Policy for Data Protection, Security and Confidentiality is just one of a number of policies in place to ensure the governance of information.

With the introduction of the General Data Protection Regulations (GDPR) and Data Protection Act (2018), our Data Protection Officer has led a detailed programme of work during 2020/21 to ensure the management of risk associated with data security, in accordance with our Risk Management Policy. Breaches in data security are classified as an adverse incident and are managed in accordance with our Incident Reporting Policy.

Incidents and risks associated with data security are overseen by the Executive Data, Security and Protection Group, which is chaired by the Medical Director/Caldicott Guardian. This group is also responsible for monitoring compliance with the Data Security and Protection Toolkit.

During 2020/21, our Internal Auditors have reviewed our assessment of compliance with the Data Security and Protection Toolkit and have concluded with significant assurance with minor improvement opportunities. The review was undertaken ahead of the initial planned submission date of our toolkit, of 31st March 2021, however, the impact of Covid-19 meant a deferral for submission to 30th June 2021. This has provided additional time for us to evidence our compliance with the toolkit standards. We have a programme of improvement in place to address the findings of our auditors and we will be working on implementation of this programme throughout 2021 ahead of our submission of the Data Security and Protection Toolkit.

Executive Director's Statement

Each Executive Director knows of no information which would be relevant to the auditors, for the purposes of their audit report, and of which the auditors are not aware. In addition each Executive Director has taken all the steps they ought to have taken, to make themselves aware of any such information and to establish that the auditors are aware of it.

Statement of Accountable Officer's Responsibilities

Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Trust

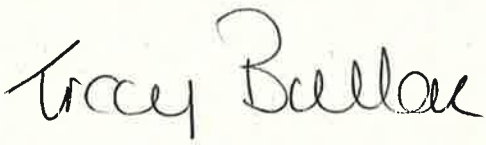
The Chief Executive of NHS Improvement, in exercise of powers conferred on the NHS Trust Development Authority, has designated that the Chief Executive should be the Accountable Officer of the trust. The relevant responsibilities of Accountable Officers are set out in the NHS Trust Accountable Officer Memorandum.

These include ensuring that:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance
- value for money is achieved from the resources available to the trust
- the expenditure and income of the trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them
- effective and sound financial management systems are in place and
- annual statutory accounts are prepared in a format directed by the Secretary of State to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, other items of comprehensive income and cash flows for the year.

As far as I am aware, there is no relevant audit information of which the 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 my letter of appointment as an Accountable Officer.



Tracy Bullock, Chief Executive
14th June 2021

Statement of Director's Responsibilities in Respect of the Accounts

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

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

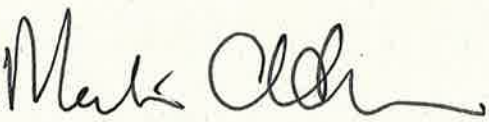
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the accounts.

The Directors 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 Trust's performance, business model and strategy

By order of the Board

Tracy Bullock, Chief Executive
14th June 2021



Mark Oldham, Chief Finance Officer
14th June 2021

Annual Governance Statement 2020/21

Scope of Responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of UHNM'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 UHNM is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the NHS Trust Accountable 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 UHNM, 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 UHNM for the year ended 31 March 2021 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

Leadership of the Risk Management Process
The Trust's Risk Management policy sets out the Chief Executive's overarching responsibility for risk management, and defines key leadership roles in respect of the risk management process, including:

- Chief Executive as Executive Lead for Risk Management
- Executive Directors, responsible for identification and management of risks which may threaten the achievement of our Strategic Objectives, via the Board Assurance Framework and corporate risk register
- Associate Director of Corporate Governance, responsible for development and review of our policy, provision of education, training and expertise, facilitation of risk reporting at a corporate level including the Board Assurance Framework and monitoring compliance with risk management processes
- Divisional Chairs, Associate Directors and Associate Chief Nurses (or equivalent) for leadership and implementation of risk management at a Divisional level

Training and Equipping of Staff to Manage Risk
An ongoing programme of Risk Management Training is available to all staff. Whilst open to all, this is targeted at those with specific roles in risk assessment and management.

These learning sessions walk participants through the risk management process, providing clarity on expectations for risk assessment, escalation and oversight. The programme is specifically designed to equip staff with the knowledge needed to implement the Risk Management Policy. The training programme has been modified during 2020/21 and covers:

- Background and introduction, providing context to the establishment of the risk management improvement programme, including external, regulatory and Internal Audit findings
- The Risk Management Policy, including definitions of risk, risk management and the purpose of risk registers
- Step by step guide on the risk management process, encompassing identification of risk, describing risk, scoring risk and risk appetite
- Controls, assurances and action planning

The training materials also share examples of good practice, to facilitate learning. To monitor compliance with the Risk Management Policy, a programme of quarterly audits are in place. These are reported via the Performance Management Reviews and provide recommendations for improvement.

The Risk and Control Framework

Key Elements of the Risk Management Policy
The Risk Management Policy provides a clear framework for the management of risk, covering a number of key elements, including:

Identification of risk via a 'dual' approach:
- Proactive risk identification focusses on our objectives and involves the consideration of any risks which may threaten their achievement
- Reactive risk identification is undertaken in the event of an adverse incident or ongoing issue which requires consideration of a related future risk (i.e. recurrence of an adverse incident)

Evaluation of risk is undertaken through utilisation of a risk scoring matrix. We use a national tool, which we have modified in respect of data security. Risk is evaluated using the following components of scoring:
- Likelihood of the event occurring
- Impact or consequence of the event occurring

Existing controls are identified as part of the risk assessment process and gaps in control are identified as part of action planning. Controls are described as any measure designed to reduce likelihood and/or impact of risk; the implementation of which should inform rescoring.

Existing assurances are identified as part of the risk assessment process. Assurances can be internal or external and when being described, we set out the source of assurance, time period to which it relates and outcome of the assurance (either positive or negative). Sources of assurance are used to inform rescoring of risk.

The **Risk Appetite Statement** was updated and approved by the Board in 2020/21. This was included via the Board Assurance Framework throughout the year, and introduced to operational risk management in quarter 4. Risk Appetite levels were determined around the following key themes:
- Quality
- Regulation and Compliance
- Reputation
- Workforce
- Infrastructure
- Finance and Efficiency
- Partnerships / Collaboration
- Innovation

Levels of risk appetite are defined as follows:

LEVELS OF RISK APPETITE	
Avoid **Risk Score Tolerance 0**	We are not prepared to accept any risk.
Minimal **Risk Score Tolerance 1 – 3**	We accept that risks will not be able to be eliminated, therefore these should be reduced to the lowest levels, with ultra-safe delivery options, recognising that these may have little or no potential for reward/return.
Cautious **Risk Score Tolerance 4 – 6**	We are willing to accept some low levels of risk, while maintaining overall performance of safe delivery options, recognising that these may have restricted potential for reward/return.
Open **Risk Score Tolerance 8 – 12**	We are willing to accept all potential delivery options, recognising that these may provide an acceptable level of reward.
Seek **Risk Score Tolerance 15 - 25**	We are eager to be innovative, choosing options with the potential to offer higher business rewards.

The practical application of Risk Appetite and target risk scores will continue to be developed as our risk management processes continue to mature.

Board Assurance Framework
The Board Assurance Framework provides the structure and process for the Board to focus on the management of key strategic risks which might compromise the achievement of our Strategic Objectives.

During 2020/21, our Board Assurance Framework has continued to be strengthened, building upon previous feedback from the Board, Committees and recommendations made by Internal Audit.

The Board Assurance Framework is considered by the Board and its Committees on a quarterly basis. Agendas are aligned to the Board Assurance Framework although it is recognised that there is a need to further strengthen these links.

Risk management and the Board Assurance Framework have again been reviewed by Internal Audit during 2020/21, who concluded their report with a 'significant assurance with minor improvements' rating. The review recognised the improvements made in respect of the Board Assurance Framework and highlighted a number of areas of good practice. Areas for development through our improvement programme will provide further focus on compliance with the Risk Management Policy at a divisional level, through audit, training and support.

Quality Governance
Our corporate quality governance arrangements are led jointly by the Chief Nurse and Medical Director. Implementation and refinement of revised arrangements continued throughout 2020/21 and our quality governance structure is illustrated below:

Assurance Map
The purpose of the Assurance Map is to identify the framework of key sources of internal and external reports which the Board and its Committees reply upon when seeking assurance against key organisational objectives and performance indicators.

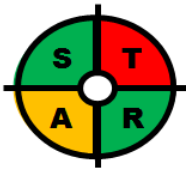
The Assurance Map is aligned to the business cycles of the Board and its Committees, ensuring that a broad range of performance information and assurance is assessed on a regular basis.

A review of the Assurance Map is to be undertaken in 2021/22.

How the Quality of Performance Information is Assessed
The quality of performance information is assessed through our internal validation processes, which vary dependent upon the indicator.

During 2020/21, we continued to utilise our 'STAR' Assurance Model. This model was developed in collaboration with Data Quality teams across a number of NHS Trusts, along with NHS Digital and the East and West Midlands Academic Health Science Networks.

The STAR model provides the following framework of 'assurance domains', with each domain having a series of questions which are used to attribute a score to the quality of data:



- **S** – Sign off and validation
- **T** – Timely and complete
- **A** – Audit and accuracy
- **R** – Robust systems and data capture

The STAR Assurance Indicator is then used to identify data which has been quality assured through this methodology.

Our Internal Auditors also review the quality of our data as part of their annual programme of work. During 2020/21, their Data Quality review focussed on Emergency Department data.

The Internal Auditors concluded with an assessment of Partial Assurance with Improvement Required; the review highlighted four recommendations which related to provision of clear guidance and training to data clerks over validation procedures for ambulance arrivals, improving documentation of start and end times within the patient information system (Medway) and providing greater visibility to the Executive Group and Board on how the Trust is addressing its underperformance against its target of 95% of patients to be discharged within four hours of arriving to A&E.

Risks to Data Security

Our Trust Policy for Data Protection, Security and Confidentiality sets out a high level framework to preserve the security of information and information systems, including confidentiality, integrity and availability. The Trust Policy for Data Protection, Security and Confidentiality is just one of a number of policies in place to ensure the governance of information.

With the introduction of the General Data Protection Regulations (GDPR) and Data Protection Act (2018), our Data Protection Officer has led a detailed programme of work during 2020/21 to ensure the management of risk associated with data security, in accordance with our Risk Management Policy. Breaches in data security are classified as an adverse incident and are managed in accordance with our Incident Reporting Policy.

Incidents and risks associated with data security are overseen by the Executive Data, Security and Protection Group, which is chaired by the Medical Director/Caldicott Guardian. This group is also responsible for monitoring compliance with the Data Security and Protection Toolkit.

During 2020/21, our Internal Auditors have reviewed our assessment of compliance with the Data Security and Protection Toolkit and have concluded with significant assurance with minor improvement opportunities. The review was undertaken ahead of the initial planned submission date of our toolkit, of 31st March 2021, however, the impact of Covid-19 meant a deferral for submission to 30th June 2021. This has provided additional time for us to evidence our compliance with the toolkit standards. We have a programme of improvement in place to address the findings of our auditors and we will be working on implementation of this programme throughout 2021 ahead of our submission of the Data Security and Protection Toolkit.

Risks Related to the Uncertainty of Brexit

A number of steps were taken throughout the year, during the transition period for the UK exit from the European Union between 31st January 2020 and 31st December 2020.

The Chief Operating Officer was identified as Senior Responsible Officer (SRO) for EU Exit preparation and was responsible for providing information returns to NHS England and Improvement, reporting emerging EU Exit related problems and ensuring that the organisation has updated business continuity plans to factor in all potential 'no deal' exit impacts.

Our Brexit Risk and Assurance Group continued to meet to consider any requirements associated with a 'no-deal' exit, including sighting the Board and its Committees on any risks and associated action required. Whilst some focus was diverted as a result of the Covid pandemic, there were no anticipated issues from

the exit which would impact the Trust, although daily reviews continued to be undertaken on potential impacting factors in order to identify any concerns or issues.

Major Risks

Major risks are defined as those which could threaten the achievement of our Strategic Objectives (SO) and are managed in accordance with our Risk Management Policy. This includes clinical risk and these are overseen by the Trust Board and its Committees through the Board Assurance Framework. As stated earlier, the Board Assurance Framework is updated on a quarterly basis, capturing both in year and future risks.

Each risk assessment includes an action plan which identifies how the risk will be managed, through the implementation of additional controls focussed upon reducing likelihood and/or impact of risk. Risk management outcomes are assessed through the identification and review of key sources of assurance. Assurance descriptions feature three components; the source of assurance, the time period to which it relates and the outcome of assurance. Outcomes are also assessed through tracking any movement in risk level during the course of the year and this information is presented in the Board Assurance Framework.

Aligned to the Board Assurance Framework, the Board have determined the following to be the organisations major in year and future risks:

2020/21 Risks

Summary of Risk	Key Risk Management / Mitigation	Monitoring
If demand for Covid related services continues to fluctuate / increase, then the planning and delivery of non Covid services, taking into account changing national expectations and guidance, resulting in increased potential for patient harm, longer waits, increased waiting lists impacting upon RTT, poor patient experience.	• Executive and Operational Leads for Restoration and Recovery agreed • Restoration and Recovery Plans in place • Workstreams / cells with nominated leads identified for Restoration and Recovery Programme • NHSEI Guidance on priorities for Restoration and Recovery – 'Trilogy' of correspondence issued	• Regular updates provided to the Board outlining the Restoration and Recovery Programme and actions taken • Trust IPR includes trajectories so that performance can be monitored
If our workforce becomes unsustainable, then premium pay costs will be incurred, staff sickness may increase and staff may become disengaged, all of which will impact on the delivery of services to our patients.	• People Strategy supported by a HR Delivery Plan, with improvement activities cascaded via Divisional People Plans. • Consistent and cost effective approach to deploying medical workforce across the Trust and support improvements in medical productivity is in place • Partnership working with the STP on Recruitment and Retention initiatives. System-wide processes are agreed for mutual aid and redeployment of staff to areas of need. • Well-established Banks for Medical Staffing, Nursing, Nursing support and Admin and Clerical staff • Ongoing actions being taken to increase skill mix	• Monthly reports to Transformation and People Committee • Agency costs reported to Performance and Finance Committee • The Empactis Absence Management System supports the delivery of a consistent approach to managing the key processes associated with health, absence and engagement.

A Board Seminar was held in March 2021 to consider the strategic risks for inclusion within the Board Assurance Framework for 2021/22. As a result of those discussions, the following strategic risks were identified:

Risk Title	Risk Description	Scrutiny Committee
Delivering Positive Patient Outcomes	If there is a deterioration in the delivery of patient safety and quality of patient care, then we may not be able to provide harm free care including the inability to reduce the number of nosocomial infections, pressure ulcers, patient falls, venous thromboembolism (VTE), resulting in avoidable patient harm, higher than expected mortality and poor patient experience and satisfaction	Quality Governance Committee
Leadership & Culture and Delivery of Trust Values and Aspirations	If we are unable to ensure the leadership culture reflects our values and aspirations, then a negative cultural environment could be established, resulting in an adverse impact on patient care, staff disengagement and ineffective performance	Transformation and People Committee
Sustainable Workforce	If we are unable to sustain our workforce at the required levels, taking into account the impact of Covid on staff resilience and retention, then we may not have staff with the right skills in the right place at the right time, resulting in adverse impact on patient outcomes, increase in premium costs, staff disengagement and inability to take forward continuous improvement and innovation	Transformation and People Committee
System Working – Vertical	If we are unable to effectively collaborate with key stakeholders as part of the Integrated Care System, then we may not be able to provide health services which meet the needs of the system population, resulting in fragmented, poor quality, inefficient and ineffective services	Transformation and People Committee
System Working – Horizontal	If we do not effectively collaborate with other providers and commissioners (both within & outwith the ICS) then some specialist services may become unsustainable and the opportunity to achieve economies of scale within clinical support functions could be lost, resulting in unsustainable, fragmented, poor quality, inefficient and ineffective services that are not VFM.	Transformation and People Committee
Delivering Responsive Patient Care	If we are unable to create sufficient capacity to deal with the increased accumulating backlog of patients as a result of Covid, then we may be unable to treat patients in a timely manner, resulting in potential patient harm and inability to recover services following the pandemic	Performance and Finance Committee
Delivery of IM&T Infrastructure	If our infrastructure and clinical systems are not sufficient or adequately protected, then this could compromise connectivity and access to key critical patient information systems, resulting in compromised patient care (including patient delays, cancellation of services), reputational damage, and potential fines	Performance and Finance Committee
Infrastructure to Deliver Compliant Estate Services	If we are unable to sufficiently invest and develop our retained clinical and non-clinical estate, then we may be unable to provide services in a fit for purpose healthcare environment, resulting in the inability to provide high quality clinical services in a safe, secure and compliant environment	Performance and Finance Committee
Financial Performance	If we, or system partners, are unable to operate within available resources, then the system financial plan for 2021/22 may not be delivered, resulting in increasing Cost Improvement Programmes, and a lack of ability to invest in the development of future services	Performance and Finance Committee

Summary of Board Assurance Framework at Quarter 4 2020/21

Ref / Page	Summary Risk Title	Strategic Objectives Under Threat	3 Lines of Defence					Change in Risk Score				
			1st Line of Defence		2nd Line of Defence		3rd Line of Defence	Q1	Q2	Q3	Q4	Change
			Controls	Assurances	Controls	Assurances						
BAF 1	Harm Free Care		✓	✓	✓	✓	✓	High 9	High 9	High 12	High 9	↓
BAF 2	Leadership / Culture and Delivery of Trust Values and Aspirations		✓	✓	✓	✓	✓	High 12	High 12	Ext 20	High 12	↓
BAF 3	Sustainable Workforce		✓	✓	✓	✓	✓	High 12	High 12	Ext 20	High 12	↓
BAF 4	System Working – Vertical		✓	✓	✓	✓	✓	High 12	High 9	High 9	High 9	→
BAF 5	System Working – Horizontal		✓	✓	✓	✓	✗	High 12	High 12	High 12	High 9	↓
BAF 6	Restoration and Recovery		✓	✓	✓	✓	✓	Ext 20	Ext 25	Ext 25	Ext 25	→
BAF 7	Infrastructure to Deliver Compliant Services – IM&T		✓	✓	✓	✓	✓	Ext 16	Ext 16	Ext 16	Ext 16	→
BAF 8	Infrastructure to Deliver Compliant Services - Estate		✓	✓	✓	✓	✓	Ext 16	Ext 16	Ext 16	Ext 16	→
BAF 9	Financial Sustainability		✓	✓	✓	✓	✓	High 9	High 12	Mod 6	Mod 6	→

Assurance against CQC Registration Requirements

The Care Excellence Framework (CEF) process involves a self-assessment at ward/department level using a tool which is based upon Care Quality Commission requirements. The outcome of the self-assessment is validated by the visiting team as part of a Care Excellence Visit and this forms part of the overall rating for the ward/department.

The CEF is used to inform the way we measure progress against our CQC Action Plan and provides the ability to triangulate information and assurance from ward to board. Following our inspection in 2019/20 by the Care Quality Commission, we continue to be rated as 'Requires Improvement' and one 'Section 31' notice remains imposed upon us. We have made significant progress against the recommendations made as a result of their findings.

In addition, our Clinical Audit team have also undertaken a number of audits as part of the 2002/21 programme as a means of assessing compliance and providing assurance against a number of specific CQC requirements. These have been shared with the Quality and Safety Oversight Group and the Quality Governance Committee and action plans are overseen by the Clinical Audit Department.

NHS Improvement's Well Led Framework

Care Excellence Framework

Due to the impact of the Covid pandemic, CEF visits were postponed during 2020/21, although 12 visits were undertaken in September and October 2020 (in between wave 1 and wave 2 of the pandemic). In respect of the well-led element of the visits, of the 12 visits undertaken, 8 were rated as 'gold', 3 were rated as silver and 1 as bronze.

Corporate Governance/NHS Provider Licence

The Board is committed to achieving high standards of integrity, ethics and professionalism across all areas of activity. Fundamental to this is our commitment to support the highest standards of corporate governance within the statutory framework; underpinned by a range of key corporate governance policies which are reviewed and updated as required. These policies include:

- Standards of Business Conduct
- Counter Fraud and Anti-Bribery and Corruption
- Standing Orders, Standing Financial Instructions and Scheme of Delegation

The Board subscribes to the NHS Code of Conduct and Code of Accountability and has adopted the Nolan Principles, as set out within our Rules of Procedure (Corporate Governance Framework).

NHS Trusts are subject to oversight by NHS Improvement, which uses the Single Oversight Framework for this purpose. The Single Oversight Framework bases its oversight on the NHS provider licence. During 2020/21, the Trust remained in financial special measures, although we were notified of the removal in quarter 3.

We are legally obliged to meet certain licence conditions and NHS Improvement has directed that NHS Trusts must self-certify compliance with licence conditions 'G6 and FT4'. The Board is required to undertake a self-assessment against these conditions on an annual basis, having regard to guidance issued by NHS Improvement and where necessary identify actions to mitigate risks to compliance.

An assessment against these conditions was undertaken by the Board and it was determined that compliance could be confirmed against requirements relating to:

- Principles, systems and standards of good corporate governance being in place, in addition to acting upon national guidance in relation to corporate governance
- Effective Board and Committee structures being in place with clear reporting lines between the Board, Committees and Executive Team
- In relation to quality of care, sufficient capability at Board level to provide effective organisational leadership; effective planning and decision-making processes; accurate, comprehensive, timely and up

to date information being provided to the Board; active engagement on quality of care with patients, staff and other stakeholders; clear accountability for quality of care
- Responsibilities, capacity and capability of Board members
- Systems and processes in place to ensure compliance with the duty to operate efficiently, economically and effectively; timely and effective scrutiny and oversight by the Board of operations; compliance with health care standards; effective financial decision-making, management and control; obtaining and disseminate accurate, comprehensive, timely and up to date information for Board and Committee decision-making; identifying and managing material risks to compliance with the conditions of the Licence; generating and monitoring delivery of business plans and ensuring compliance with all applicable legal requirements.

However, compliance could not be confirmed against the aspect related to effectively implementing systems and processes to ensure compliance with the conditions of the licence, any requirements from the NHS Acts and NHS Constitution, as described further below:

- Whilst the Trust's financial position improved during 2020/21, there remained an underlying deficit within the system and there continued to be challenges in ensuring the achievement of NHS constitutional targets for Cancer, 4 hour wait and the increasing volume of patients on the Trust's waiting list as a result of Covid.
- The Care Quality Commission issued two 'Section 31' notices following their 2019 inspection; one of these relating to Mental Health care provision and was lifted although the second one in relation to Emergency Department 15 minute triage time remained in place at the time of the declaration

Equality and Diversity
Our Equality and Diversity policy aims to promote equality and diversity and value the benefits this brings. It is our aim to ensure that all staff feel valued and have a fair and equitable quality of working life. Equal opportunities and the embracing of diversity are central to everything we do as an organisation to create a workplace in which people feel valued, treating people fairly and with dignity and respect at all stages of the employment process from recruitment to termination of employment; access to learning and development and career progression.

Our policy ensures that Equality Impact Assessments are integrated into core Trust business, including on services, organisation change and on appropriate policies/procedures. These are monitored by our Human Resources Directorate.

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

Incident Reporting
Our policy for Reporting and Management of Incidents aims to provide, so far as is reasonable practicable, an environment which is free from risks to health and safety. Our staff are required to behave in a manner which will not pose a risk to their or anyone else's health and safety.

Our policy is designed to openly encourage that all adverse incidents and near miss events are promptly reported, accurately documented, properly investigated and any learning shared and acted upon. Serious Incidents where there are opportunities for Trust wide learning are reviewed by our Risk Management Panel which is chaired by our Deputy Medical Director. Analysis and trends associated with adverse incident reporting is monitored at various levels within our quality governance framework, including a high level analysis to the Trust Board.

Whilst work has been undertaken to make further improvements to our incident reporting processes and investigation during 2020/21, this continues to be a key area of focus.

Developing Workforce Safeguards
NHSIE published 'Developing Workforce Safeguards' in October 2018, with recommendations to support Trusts in making informed, safe and sustainable workforce decisions. Through implementation of these recommendations, the aim is to provide assurance to the Board that workforce decisions promote safety and so comply with Care Quality Commission standards.

The gap analysis was initially undertaken in January 2019, reviewed towards the end of 2019/20 and again in February 2020. This included an assessment of compliance against a range of requirements, summarised below:

Requirement	Assessment
Safe Staffing	**Partially Compliant**
Workforce Planning	**Partially Compliant**
Deployment of Staff	**Partially Compliant**
Evidence Based Tools and Data	**Partially Compliant**
Professional Judgement	**Partially Compliant**
Board Reporting / Assurance	**Compliant**

Where the analysis concluded with an assessment of 'partially compliant', it identified where compliance was planned to be strengthened through improvement of key systems and processes. However, the planned improvements were paused due to Covid-19.

A particular area for focused improvement was in relation to systems and processes for Allied Health Professionals, which whilst they exist, require further development. A revised Quality Impact Assessment process has been introduced and now need to embed this into routine business.

The Trust is not fully compliant with the registration requirements of the Care Quality Commission. This is as a result of one Section 31 condition continuing to be in place following the 2019 inspection. Significant work has been undertaken to address the concern raised.

Conflicts of Interest
The Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (i.e. staff at Band 8a and above) within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance.

NHS Pension Scheme
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.

Sustainable Development
The Trust has undertaken risk assessments and has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18). The trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

Covid-19
At the beginning of 2020/21 we were impacted upon by the Covid-19 pandemic which saw us, along with the rest of the county, move into a major incident. In response to this we made a number of changes to our governance and risk management arrangements in order to enable our Executive Team to focus upon the many challenges which the pandemic brought about whilst ensuring that we maintain effective oversight and scrutiny. These changes included:

- Development and approval of Terms of Reference for the Board and its Committees, allowing for meetings to be held virtually, non-urgent items of business being deferred where necessary and where appropriate, some items for approval being conducted via email. A full record of any decisions taken in this way was captured via a formal record.
- Decisions taken by the Executive Team were captured at regular 'Huddle' meetings with those of significance being formally reported to the Board via the Chief Executive's report.
- Establishment of an Incident Control Centre as the single point of contact at a corporate level for escalation of risks / issues internally and externally.
- A refresh and implementation of business continuity plans aligned to an overarching Covid Pandemic Plan.
- Closer working with system partners and beyond in order that additional capacity could be made available within the community, if required.
- Regular briefings to Non-Executive members of the Board to enable them to remain up to date and to provide challenge as necessary. These were complimented by a weekly virtual meeting with the Chief Executive.
- Enhanced 'SitRep' reporting to our regulators, as required.
- An adaptation of our control environment which saw the establishment of daily Executive Huddle, Tactical, Workforce and Clinical meetings taking place which fed through to 'Gold Command' for consideration of any matters requiring escalation or approval.
- At an operational level, each Division established their own incident management 'cell', providing day to day response and mitigation of operational risk. Each Division is represented on the Tactical Group where any escalations / mitigations are raised.
- At a Strategic level, the Chief Executive led a bi-weekly management team meeting, with Executives in attendance, where escalations and mitigations raised by the Tactical group were presented. This was used as a conduit to the Chief Executive meetings across Trusts, NHSEI and Public Health England.

These arrangements remained in place throughout the year, for wave 1 and wave 2, although a move towards 'business as usual' took place during quarter 2.

Review of Economy, Efficiency and the Effectiveness of the Use of Resources

The Trust ended the 2020/21 financial year with a surplus of £7.1m against a forecast to breakeven. As a result of the changed funding arrangements there were no specific cost improvement targets to meet in 2020/21. In 2020/21 a draft financial plan was prepared, built on the previous year; following the Trust being placed in Financial Special Measures in March 2017 due to a worsening financial position at that time, post integration with Mid Staffordshire NHS Foundation Trust in 2014. The 2020/21 draft financial plan was to breakeven for the year and continued to demonstrate that substantial progress has been made to stabilise our position and to develop a new culture of financial rigour and operational efficiency, through strengthened financial controls. The financial planning process was however suspended on a national level for 2020/21 and the Trust did not work to this plan. The temporary funding arrangements ensured that the Trust (like all Trusts) delivered a breakeven position for the first half of the year. For the second half of the year the Trust had a plan for a £7.2m deficit; due to the treatment of the TSA funding and improvements in the run rate the Trust was able to deliver an actual surplus of £7.1m. It is important that we still recognise that we have further work to do with an underlying deficit of £75.2m as we enter 2021/22. During the 2020/21 year there was a pause in the support the Trust from KPMG in developing and supporting the delivery of the recovery plan, however it is planned this will re-start from 2021/22.

Throughout the course of the year, delivery of our financial plan has been subject to scrutiny and oversight each month via the Performance and Finance Committee and the Board and externally by our regulators, through regular Progress Review Meetings and attendance at key Committees.

We have a range of key financial policies in place, which are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. These remained in place throughout the year and the Covid 19 pandemic.

Our services are organised into 6 Divisions and are managed through a devolved structure, which is governed by our Scheme of Delegation, defining all key roles and responsibilities. Each Division has dedicated financial and human resources input to support delivery of their plans.

We maintain a strong focus on performance management, as a means by which clinical Divisions are held to account for the delivery of financial and other performance targets. Performance is monitored through our monthly performance management review process, which is chaired by an Executive Director.

Our approach to cost improvement is project based, overseen by our Programme Management Office. In order to ensure delivery of our Financial Recovery Plan, our governance structure includes the Financial Recovery Programme Board at an executive level with board level oversight and scrutiny via the Finance and Performance Committee. Whilst we continued to embed our governance and oversight arrangements in respect of savings delivery during 2019/20, the savings targets were suspended nationally during 2020/21 in recognition of the changed funding arrangements put in place to deliver the required response to the Covid 19 pandemic.

During 2020/21, our Internal Auditors have reviewed our key financial systems and controls in relation to expenditure and concluded with 'significant assurance with minor improvements required'. A number of recommendations were made, which will remain a focus throughout 2021/22.

Our external auditors give an expert and independent opinion on whether our financial statements are a true and fair view of the Trust's financial position at the end of the financial year. They also provide an expert and independent opinion on whether the financial statements comply with relevant laws. In carrying out their audit, they must have regard to aspects of corporate governance and securing economy, efficiency and effective use of resources.

Although a surplus has been achieved in the last two years, due to previous years deficits we breached the requirement under section 30 of the Local Audit and Accountability Act 2014 to achieve break-even taking one year against another over a three year rolling period. As such, our External Auditors made a referral to the Secretary of State for Health in May 2017 which remains in place in 2020/21. This referral was made under Section 30 of the 2014 Act.

We recognise that this position is set within the context of a wider sustainability gap across the local health and social care economy. To address this challenge, work remains on-going with our system partners, via the Sustainability and Transformation Partnership.

Information Governance

Data, Security and Protection breaches are reported via our incident management system. The Data, Security and Protection Team continue to monitor and review incidents to ensure these are investigated and where deemed serious, a root cause analysis is undertaken.

For the period between April 2020 to March 2021, there was 1 serious incident which was notified to the Information Commissioners Office. This was in relation to an investigation whereby an audit file containing a witness statement discussion was inadvertently sent to another member of staff being investigated, their manager and their Trade Union representative. The individual notified Human Resources and confirmation was received that the file had been deleted without being opened.

The Human Resources Team took immediate action to notify the parties concerned and apologised for the error. A Root Cause Analysis was undertaken and a number of recommendations made. This was presented to the Executive Data Security and Protection Group. Actions taken following the investigation were as follows:

- Development of a standard operating procedure for the processing of audio data following a review of their internal process
- A 'check' process prior to release of an audio file
- Audio files sent via secure portal
- Shared learning across the HR team

Data Quality and Governance

The Department of Health and Social Care has issued guidance to NHS Trusts on the form and content of annual Quality Accounts.

The Chief Nurse is responsible for the preparation of our Annual Quality Account. This is developed in consultation with internal and external stakeholders and is reviewed in draft form by the Quality and Safety Oversight Group and the Quality Governance Committee who have a key role in scrutinising whether it represents a balanced view. All performance data is subject to a series of controls to ensure the quality and accuracy of information, which include pre-validation, data quality review and executive sign off.

The Audit Committee's role is to consider the rigour and processes for identifying and defining the services to be reported and the improvements planned, as well as the processes for compiling and interpreting the data used as indicators of performance. The Quality Account is subject to external audit and the findings are reported to the Audit Committee. The Audit Committee then reports to the Trust Board on the robustness of the processes behind the Quality Accounts. However, there have been changes to the requirements for the Quality Account for 2020/21 and as a result the requirement for external audit has been excluded.

Review of Effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the information provided in this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

2020/21 Internal Audit Programme

KPMG LLP were appointed as our Internal Auditors, as of 29th July 2016. At the beginning of 2020, they engaged members of the Executive Team in the scoping of areas to be reviewed as part of the 2020/21 Internal Audit Plan. The plan was presented to the Audit Committee at the start of the year and was based upon a risk analysis of our operations, aligned to our Board Assurance Framework. The plan covered an assessment of controls across a range of strategic, clinical, operational and financial areas and was designed to add value and deliver assurance required by the Audit Committee in the production of the Head of Internal Audit opinion. Upon completion, the plan was reported to the Audit Committee with the following findings:

Assignment	Conclusion		
Charitable Funds Governance	Significant Assurance with Minor Improvement Opportunities		
Sickness Absence Management	Significant Assurance with Minor Improvement Opportunities		
Private Patients	Partial Assurance with Improvements Required		
Incident Reporting	Significant Assurance with Minor Improvement Opportunities		
Governance of Executive Functions	Significant Assurance with Minor Improvement Opportunities		
Quality Governance	Significant Assurance with Minor Improvement Opportunities		
Key Financial Controls	Significant Assurance with Minor Improvement Opportunities		
Patient Discharge	Partial Assurance with Improvements Required		
BAF and Risk Management	Significant Assurance with Minor Improvement Opportunities		
Network Security	Significant Assurance with Minor Improvement Opportunities		
Data and Security Protection Toolkit	Significant Assurance with Minor Improvement Opportunities		

Assignment	Conclusion		
Infection, Prevention and Control BAF	Significant Assurance with Minor Improvement Opportunities		
Patient Property	Partial Assurance with Improvements Required		
IT Controls	Significant Assurance with Minor Improvement Opportunities		
Data Quality	Partial Assurance with Improvements Required		
Ockenden Review	Findings available July 2021		

Head of Internal Audit Opinion

The Head of Internal Audit (HoIA) is required to provide an annual opinion in accordance with the Public Sector Internal Audit Standards, based upon and limited to the work performed, on the overall adequacy and effectiveness of the Trust's risk management, control and governance processes (i.e. the system of internal control). This is achieved through a risk based programme of work, agreed with management and approved by the Audit Committee, which can provide assurance, subject to the inherent limitations described below.

The basis for forming the opinion is as follows:

- An assessment of the design and operation of the underpinning aspects of the risk and assurance framework and supporting processes;
- An assessment of the range of individual assurances arising from risk based internal audit assignments that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas and;
- An assessment of the process by which the organisation has assurance over registration requirements with regulators.

The overall opinion for the period 1 April 2020 to 31 March 2021 is as follows:

'Significant assurance with minor improvements required'. This is informed by positive outcomes from the majority of reviews during 2020/21, particularly in core areas.

Conclusion

As Accountable Officer, my review concludes that there have been some key achievements during the year 2020/21 and I have been assured by the positive conclusions reached by our Internal Auditors in respect of the following reviews:

- Charitable Funds Governance
- Sickness Absence Management
- Incident Reporting
- Governance of Executive Groups
- Quality Governance
- Financial Controls
- BAF and Risk Management
- Network Security
- Data and Security Protection Toolkit
- Infection Prevention and Control BAF

As our Head of Internal Audit Opinion confirms, we have made considerable improvements in the effectiveness of our framework of governance, risk management and control, which is demonstrated through our improved assurance rating when compared to our previous ratings.

I am therefore assured that there is a generally sound system of internal control and in conclusion, there are no significant internal control issues which have been identified.

Tracy Bullock

Tracy Bullock, Chief Executive
14th June 2021

Modern Slavery Act Declaration

Section 54 of the Modern Slavery Act 2015 requires our organisation to prepare a 'slavery and human trafficking statement' for each financial year, setting out the steps that have been taken during the year to ensure that slavery and human trafficking is not taking place in its supply chains or its own business.

Anti-Slavery Statement

This statement, made pursuant to section 54(1) of the Modern Slavery Act 2015, sets out the approach taken by University Hospitals of North Midlands NHS Trust to understand all potential modern slavery risks related to its business, and the actions undertaken to mitigate any such risks during the financial year ended 31 March 2021.

Our Board is committed to delivering high standards of corporate governance and a key element of this is managing the Trust in a socially responsible way. We are committed to preventing slavery and human trafficking in our corporate activities and through our supply chains and we expect the same high standards from those parties with whom we engage. During the course of the year, we have emphasised our commitment through a number of mechanisms:

Recruitment and Selection

Our policies and procedures in relation to recruitment and selection of staff ensure that we comply with all employment, equalities and human rights legislation. This includes the prevention of slavery and human trafficking.

Safeguarding Arrangements

Modern Slavery was identified as a separate category of abuse in the Care Act 2014 and as such sits within our safeguarding agenda for adults who have care and support needs. Our policy and procedures in relation to safeguarding refer to Modern Slavery including Human Trafficking and identifies possible indicators for staff to lookout for and sets out the procedure of how to raise safeguarding concerns.

We deliver mandatory safeguarding awareness training to all staff which includes identifying Modern Slavery as a category of abuse. In addition to this we provide an enhanced level of safeguarding training to all of our qualified clinical staff which discusses in more depth the categories of abuse including Modern Slavery.

Supply Chain

Our Supply Chain is made up of a number of large multi-national companies, Small to Medium Enterprises (SME's) and small local suppliers who make up a total of 3926 live suppliers to the Trust at this current time. The location of supplier premises and manufacture locations are spread globally but the vast majority are situated in the European Union, where it is estimated that several hundred thousand people work for the aforementioned suppliers although not all these people work on UHNM related goods and services.

We have ensured that Anti-Slavery related provision is contained in both our Standard Terms and Conditions of Purchase which are issued with every Purchase Order and all tender documentation issued by the Trust.

Due to the nature of our business and our approach to governance and risk management, we assess that there is low risk of slavery and human trafficking in our business and supply chains. However we will continue to periodically review the effectiveness of our relevant policies, procedures and associated training to ensure that the risk remains low.

We do not have key performance indicators in relation to slavery or human trafficking as any instance would be expected to be a breach of law, our supplier standards and/or our local policies and therefore acted upon accordingly.

Remuneration and Staff Report

Remuneration Report

Remuneration and terms of service for Executive Directors (i.e. Board voting and non-voting members), the Chief Executive and posts assigned to the 'Very Senior Manager framework' are agreed, and kept under review by the Trust Nominations and Remuneration Committee.

This Committee monitors and evaluates the annual performance of individual directors, with the advice of the Chief Executive.

The annual work programme for the Committee includes evidence based review and benchmarking of Executive Director salaries in comparison to national lower and upper quartile benchmarks. This exercise is undertaken in order to maintain awareness of arrangements in other organisations, which may be of relevance and any changes to Executive Director salaries are considered by the Committee on receipt of this information.

Where there is a vacancy in a permanently established post, it is usual practice to make a permanent appointment. All senior managers have a notice period of three months and Executive Directors have a notice period of six months. Non-Executive Directors are appointed with NHS Improvement on fixed-term contracts, which may be renewed. Compensation for early termination of Executive Directors provides payment in lieu of notice, except in cases of summary/immediate dismissal. Any termination payments which fall outside the standard provisions of the Contract of Employment must be approved internally by the Committee. Severance packages which fall outside the standard provisions of the Contract of Employment must be calculated using standard guidelines and any proposal to make payments outside of the current guidelines are subject to the approval of HM Treasury, via NHS Improvement.

Salaries and Allowances

The table below sets out the amounts awarded to all Board members and where relevant, the link between performance and remuneration. There have been no performance pay or bonuses paid to any of the Directors in either financial year. The remuneration information disclosed in the tables below have been subject to audit.

	2020/21				2019/20			
Board Member	**Salary** (bands of £5,000) £000	**Expense Payments** (taxable) total to nearest £100 £	**All pension related benefits** (bands of £2,500) £000	**Total:** (bands of £5,000) £000	**Salary** (bands of £5,000) £000	**Expense Payments** (taxable) total to nearest £100 £000	**All pension related benefits** (bands of £2,500) £000	**Total:** (bands of £5,000) £000
Current Voting Board Members:								
Tracy Bullock * **Chief Executive**	220-225	-	-	220-225	215-220	-	-	215-220
Paul Bytheway **Chief Operating Officer**	180-185	-	-	180-185	120-125	-	57.5-60	180-185
Mark Oldham **Chief Finance Officer**	175-180	-	237.5-240	415-420	145-150	-	90-92.5	235-240
John Oxtoby **Medical Director**	195-200	-	45-47.5	240-245	225-230	-	-	225-230
Michelle Rhodes **Chief Nurse**	140-145	-	225-227.5	365-370	70-75	-	-	70-75

Board Member	2020/21 Salary (bands of £5,000) £000	2020/21 Expense Payments (taxable) total to nearest £100 £	2020/21 All pension related benefits (bands of £2,500) £000	2020/21 Total: (bands of £5,000) £000	2019/20 Salary (bands of £5,000) £000	2019/20 Expense Payments (taxable) total to nearest £100 £000	2019/20 All pension related benefits (bands of £2,500) £000	2019/20 Total: (bands of £5,000) £000
Ro Vaughan **Director of HR**	130-135	-	-	130-135	130-135	-	17.5-20	150-155
David Wakefield **Chairman**	60-65	0.8	-	60-65	60-65	-	-	60-65
Peter Akid **Non-Executive Director**	10-15	0.6	-	10-15	5-10	1.9	-	10-15
Sonia Belfield **Non-Executive Director**	10-15	-	-	10-15	5-10	-	-	5-10
Gary Crowe **Non-Executive Director**	10-15	0.7	-	10-15	5-10	1.6	-	10-15
Leigh Griffin **Non-Executive Director**	10-15	0.1	-	10-15	5-10	0.4	-	5-10
Patricia Owen **Non-Executive Director**	5-10	-	-	5-10	-	-	-	-
Ian Smith **Non-Executive Director**	10-15	0.3	-	10-15	5-10	0.4	-	5-10
Katie Maddock **Non-Executive Director**	0-5	-	-	0-5	-	-	-	-
Previous Voting Board Members:-								
Andrew Hassell **Non-Executive Director**	10-15	0.1	-	10-15	5-10	-	-	5-10
Elizabeth Rix **Chief Nurse**	-	-	-	-	15-20	-	-	15-20
Trish Rowson **Acting Chief Nurse**	-	-	-	-	50-55	-	-	50-55

- There has been no Performance pay or bonuses paid to any of the Directors in either financial year.
- The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights. This value does not represent an amount that will be received by the individual. It is a calculation that is intended to convey to the reader of the accounts an estimation of the benefit that being that being a member of the pension scheme could provide.
- All taxable expenses paid during the year were in relation to home to work mileage claims.
- The total cost paid for the two months remuneration as a Director in 2019/20 was £25-30k however these figures also include the employers contributions, overheads and non-taxable expenses
- The information disclosed above has been subject to audit.

*Tracy Bullock left the NHS Pension scheme on 31/03/19 and so there are no pension benefits to report for the financial years 19/20 or 20/21. The 19/20 comparative figures have been altered from last year's annual report to reflect this, as the figures supplied by NHS Pensions did not show that Mrs Bullock had left the scheme. It has been assumed that the closing balances were actually nil.

Pension Benefits

Board Member	2020/21							
	Real increase / (decrease) in pension at age 60 (bands of £2,500)	Real increase / (decrease) in pension lump sum at age 60 (bands of £2,500)	Total accrued pension at age 60 as at 31 March 2021 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2021 (bands of £5,000)	Cash Equivalent Transfer Value as at 1 April 2019	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value as at 31 March 2020	Employers contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£000
Tracy Bullock	-	-	-	-	-	-	-	-
Paul Bytheway	-	-	-	-	747	-	-	-
John Oxtoby	0-2.5	5-7.5	60-65	190-195	1,487	-	-	-
Mark Oldham	10-12.5	25-27.5	75-80	185-190	1,289	232	1,569	-
Michelle Rhodes	10-12.5	30-32.5	45-50	145-150	810	233	1,077	-
Rosemary Vaughan	0-2.5	-	60-65	180-185	1411	17	1476	-

- As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.
- The pensions information disclosed in the table above has been subject to audit.

Cash Equivalent Transfer Value (CETV)

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

Real Increase in CETV reflects the increase in CETV effectively funded by the employer. This calculation does not take account of any increase due to inflation or contributions paid by the employee.

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 in the Trust in the financial year 2020/21 was £220,000 to £225,000 (2019/20 was £225,000 to £230,000).

This is based on a full time equivalent, annualised calculation. This was 7 times (2019/20: 9 times) than the median remuneration of the workforce, which was £31,399 (2019/20 £26,520).

In 2020/21 13 employees (2019/20 3 employees) received remuneration in excess of the highest paid director. The Range of staff remuneration during 2020/21 was £5,000 - £10,000 to £335,000 - £340,000 (2019/20 £5,000-£10,000 to £315,000- £320,000).

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

Exit Packages for Staff Leaving in 2020/21

Exit Package Cost Band (including any special payment element)	2020/21			2019/20		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Less than £10,000	0	0	0	10	0	10
£10,001-£25,000	1	0	1	15	0	15
£25,001-£50,000	0	0	0	8	0	8
£50,001-£100,000	0	0	0	3	0	3
£100,001-£150,000	0	0	0	0	0	0
£150,001-£200,000	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0
Totals	**1**	**0**	**1**	**36**	**0**	**36**
Total resource cost (£'000)	**17**	**0**	**17**	**785**	**0**	**785**

Analysis of Other Departures

Type of Other Departures	Agreements Number	Total Value of Agreements £000s
Voluntary redundancies including early retirement contractual costs	0	-
Mutually agreed resignations (MARS) contractual costs	0	-
Early retirements in the efficiency of the service contractual costs	0	-
Contractual payments in lieu of notice*	0	-
Exit payments following Employment Tribunals or court orders	0	-
Non-contractual payments requiring HMT approval**	0	-
Total	0	-

- Redundancy and other departure costs have been paid in accordance with standard NHS terms and conditions
- This disclosure reports the number and value of exit packages agreed with staff during the year.
- The remuneration information disclosed in the tables above (Exit Packages) have been subject to audit.

Consultancy

Expenditure on consultancy services for the year 2020/21 was £0.8m, compared to £3.4m in 2019/20.

Off Payroll Engagements

As part of the Treasury's Annual Reporting Guidance 2012-13, Government Departments are required to report information relating to off-payroll engagements. Therefore NHS bodies are required to include information on any such engagements allowing for consolidation.

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

Off Payroll Engagement Longer than 6 Months	Number
Number of existing engagements as of 31 March 2021	0
Of which, the number that have existed:	0
for less than one year at the time of reporting	0
for between one and two years at the time of reporting	0
for between 2 and 3 years at the time of reporting	0
for between 3 and 4 years at the time of reporting	0
for 4 or more years at the time of reporting	0

Any existing off-payroll engagements have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax.

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2010 and 31 March 2021, for more than £245 per day and that last longer than 6 months:

New Off-payroll Engagements	Number
No. of new engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021	0
Of which, the number that have existed:	0
that fall under the remit of IR35	0
that do not fall under the remit of IR35	0
Number engaged directly (via PSC contracted to department) and are on the departmental payroll	0
Number of engagements reassessed for consistency / assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following the consistency review	0

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

Board Member / Senior Official Off-payroll Engagements	Number
Number of off-payroll engagements of board members, and/or senior officers with significant financial responsibility, during the financial year	0
Total number of individuals on payroll and off-payroll that have been deemed 'board members, and/or, senior officials with significant financial responsibility', during the financial year. This figure must include both on payroll and off-payroll engagements.	0

Staff Report

As a large acute Trust we face many challenges. In order to meet those challenges and seize opportunities for the future it is essential that we have the right people in the right jobs with the right skills mix at the right time. Our People Strategy supports all that we do to attract, recruit, develop, retain, support and reward our staff and teams to meet our future goals and aspirations. The Human Resources Department has a major role in driving the people agenda but it requires each and every one of us to play our part in making UHNM a great and successful place to work.

Here we provide an analysis of our 2020/21 staff numbers and costs.

Our Workforce

At 31 March 2021, we had a workforce of 10145.04 WTE (11513 headcount). This is excluding bank workers and honorary contracts. Our staffing is made up of a variety of roles and pay scales and provides an overview of our workforce.

Senior Managers

Analysis of our senior managers is listed below:

	Headcount		WTE	
Pay scale	**Female**	**Male**	**Female**	**Male**
Band 8a	290	87	260.08	83.79
Band 8b	59	28	55.99	27.39
Band 8c	12	10	11.32	9.40
Band 8d	7	6	7.00	6.00
Band 9	2	1	2.00	1.00
Senior Manager	26	14	25.31	14.00
Director	6	3	6.00	3.00
Grand total	**402**	**149**	**367.69**	**144.58**

Staff Numbers

Staff Group*	**Full Time Equivalents (WTE)**		
	Fixed Term Temporary	**Permanent**	**Total**
Professional Scientific and Technical	9.75	374.27	384.03
Clinical Services	156.34	2210.10	2366.44
Administrative and Clerical	67.31	1728.56	1795.87
Allied Health Professionals	19.08	486.58	505.66
Estates and Ancillary	2.95	466.71	469.66
Healthcare Scientists	17.67	378.09	395.76
Medical and Dental	658.03	614.53	1272.56
Nursing and Midwifery Registered	46.37	2907.69	2954.06
Students		1.00	1.00
Grand total:	**977.51**	**9167.53**	**10145.04**

*excludes bank, agency and staff out on secondment.

Staff Costs

	2020/21		2020/21 Total £000	2019/20 Total £000
	Permanent £000	Other £000		
Salaries and wages	401,002	24,978	425,979	383,994
Social security costs	36,521	2,916	39,437	35,858
Apprenticeship levy	2,003	-	2,003	1,844
Employer's contributions to NHS pensions	67,361	1,955	69,317	64,491
Pension cost - other	98	10	108	93
Other post-employment benefits	-	-	-	0
Other employment benefits	-	-	-	0
Termination benefits	-	-	-	0
Temporary staff	-	17,295	17,295	18,385
Total gross staff costs	506,985	47,154	554,139	504,665
Recoveries in respect of seconded staff	-	-	-	0
Total staff costs	506,985	47,154	554,139	504,665
Of which				
Costs capitalised as part of assets	0	919	919	696

- The information disclosed in the two tables above has been subject to audit.

Staff Composition

Staff Group	Part Time		Full Time		Total
	Male	Female	Male	Female	
Director	0	0	2	6	**8**
Senior Managers (Band 8a – 9)	0	4	15	22	**41**
Other employees	494	4700	2058	4212	**11464**
Grand total:	**494**	**4704**	**2075**	**4240**	**11513**

Sickness Absence

The sickness rate at 31 March 2021 (cumulative for the 12 months from 1 April 2020 to 31 March 2021) was 5.37% (4.69% at 31st March 2020).

Staff Turnover

The turnover rate at 31 March 2021 (cumulative for the 12 months from 1 April 2020 to 31 March 2021) was 9.32%% (8.57% at 31st March 2020). This excludes junior doctors on rotation.

Staff Engagement

Staff engagement is measured through the annual NHS Staff Survey. At 6.9, the 2020 staff engagement score remained unchanged from the previous year.

Trade Union Facility Time Reporting Requirements

Organisation Name	University Hospitals of North Midlands
Organisation Sector	**National Health Service**
Employees in Organisation	10,000 and above
Number of TU Representatives	46
FTE of TU Representatives	45.1

Number of TU representatives that spend 0% working hours	19
Number of TU representatives that spend 1-50% working hours	24
Number of TU representatives that spend 51-99% working hours	2
Number of TU representatives that spend 100% working hours	1
Total pay bill	465969213
Total cost of facility time	123149.83
Percentage of pay spent on facility time	0.03
Percentage of hours spent on TU activities	0.55

Staff Policies applied during the Financial Year

Our People Strategy outlines how we will lead and support staff to achieve our 2025Vision and sets out our aims to provide a positive work environment that promotes an open, supportive and fair culture which helps our staff to do their job to the best of their ability and ensure delivery of high quality care.

We have a number of policies in place to ensure that as an organisation, we fulfil our obligations under equality, diversity and human rights legislation. We want staff to work to the very highest standards, to be able to communicate openly in an organisation which respects people's views, and values individuals and teams. We encourage and recognise high performance in a results-driven environment and will support individual and team development to deliver the organisations goals.

We know that excellent staff experience leads to excellent patient experience and improved patient outcomes. The People Strategy is supported by the Trust's workforce plan, and is aligned to both the learning and education strategy and the organisational development strategy.

We operate a full suite of HR policies, covering the whole employee life cycle. These can be made available to the public and our website http://www.uhnm.nhs.uk, provides guidance on how to access them.

- HR08 **Recruitment and Selection Policy**: We believe that unlawful discrimination is unacceptable and we are committed to recruiting staff in accordance with our Equality and Diversity Policy. Applicants are selected solely on objective, job related criteria and their ability to do the job applied for with no discrimination on the grounds of ethnic origin, nationality, disability, gender, gender reassignment, marital status, age, sexual orientation, trade union activity or political or religious beliefs. We provide appropriate assistance to ensure equality for all.
- For Appointments Advisory Committees to recruit to permanent Consultant posts, all members of the panel are required to have received training in Equal Opportunities.
- HS17 **Occupational Health Policy** - The role of occupational health is to help protect and promote the health and wellbeing of staff in the workplace. Workplace Health Assessment checks are also carried out to provide advice to managers, where necessary, on employee needs or any reasonable adjustments required to the work environment or structure in accordance with the Equality Act 2010.
- Appropriate mandatory training is provided to ensure that staff and managers understand their responsibilities under the Policy. Equality, diversity and inclusion themes are integrated into other Trust learning and development programmes as appropriate
- The principles of the **Equal Opportunities Policy** are incorporated into the Trust's Corporate Induction course and included in all local induction packages for newly appointed employees. This is also included in statutory and mandatory training as outlined in Trust policy HR53 **Statutory, Mandatory and Best Practice and the Training Needs Analysis**. All training should be recorded within staff personal record ideally on our electronic staff record.
- HR12 **Equality and Diversity Policy**: As a major employer and service provider we are committed to building a workforce which is valued and whose diversity reflects the community it serves, enabling it to deliver the best possible healthcare service to those communities

Equality and Diversity

As a major employer, we are committed to building a workforce which is valued and whose diversity reflects the community we serve, so that we can deliver the best possible healthcare to those communities. We want everyone who comes into contact with us to be treated fairly, with respect, dignity and compassion. We are proud of our diverse community of staff, patients, their friends and families and the communities we serve and our Equality and Diversity Inclusion Programme aims to ensure we are delivering this commitment.

Our Equality and Diversity Policy takes into account legislation and guidelines issued by the Equality and Human Rights Commission on compliance with the Equality Act 2010. We aim to ensure that all patients, applicants, employees, contractors, agency staff and visitors receive appropriate treatment and are not disadvantaged by conditions or requirements which cannot be shown to be justified. This is particularly on the grounds of a protected characteristic as defined in the Act.

Our Workforce Equality, Diversity and Inclusion Governance Arrangements

Our Trust Equality, Diversity and Inclusion Group meets on a bi-monthly basis and advises on a range of initiatives, reports and actions and reports through the Transformation and People Committee to the Trust Board.

We have three active Staff Networks, the Ethnic Diversity Staff Network, the LGBT+ Staff Network and the Disability & Long Term Conditions Staff Network. These groups provide:

- A staff support network for LGBT+/Disabled/ethnically diverse staff at UHNM
- To provide a forum to discuss issues related to LGBT+/Disabled/ethnically diverse staff at UHNM
- Seek to improve the working environment of LGBT+/Disabled/ethnically diverse staff across the whole organisation
- Provide an arena for staff to raise their concerns, in a safe and confidential environment
- Identify good workplace practice internally and externally from appropriate sources
- Provide advice and input to the development and implementation of UHNM new and existing policies, particularly those that affect staff from protected groups
- Provide staff with a united and identifiable voice on employment issues and highlighting the needs and experiences of LGBT+/Disabled/ethnically diverse staff
- To consider reports on equality and inclusion issues at UHNM; such as the Workforce Race Equality Standard, Disability Equality Standard, Stonewall Index, the Equality Delivery System and NHS Staff Survey
- Contribute to a programme of activities to celebrate and encourage respect for diversity and inclusion

Our Staff Networks each have an Executive Sponsor, and the Chairs of each group are members of the Equality, Diversity and Inclusion Group. Each of our three Staff Networks now has its own UHNM Staff Facebook Group, confidential email account and dedicated pages on the Trust Intranet.

During 2020/21 three Integrated Care System Wide Networks have been established with events have taken place over virtual platforms:

- Joint BAME Network
- Joint LGBT+ Network
- Joint Disability and Long Term Conditions Network

Each of these network sessions had national speakers in addition to the leaders of the ICS presenting the diversity and inclusion commitments of the system as a whole. Further system wide network meetings will be held on a quarterly basis.

UHNM Reverse Mentoring Programme

Our first cohort of Reverse Mentorship programme launched in August 2020, with members of our Ethnic Diversity staff network matched with Board and senior leaders. Reverse Mentoring is a process whereby a senior leader within the Trust is mentored by a person who has either; less perceived power, comes from a disadvantaged position or reflects an underrepresented or marginalised group. It takes place in the form of a one to one relationship established to educate senior leaders about issues faced by more junior members of staff by exposing them to a challenging dialogue which they might otherwise never encounter.

This form of mentoring can be effective in supporting culture change by establishing greater awareness of the organisational, cultural, leadership and system wide inequalities which prevent career progression and development for those in underrepresented groups. It flips the usual mentoring relationship on its head, so that senior leaders have the opportunity to listen, learn and co-create a more inclusive culture for all employees for the benefits of our staff and patients alike

We are planning to run a second cohort, which will be extended to our Disability and Long Term Conditions and our LGBT+ staff network membership in spring 2021.

Progressing our Model Employer Aspirational Targets

We are committed to increasing the representation of BAME staff in senior leadership roles and progressing in our achievement of our Model Employer aspirational targets. In December 2020 the UHNM Recruitment and Selection Policy was updated to reflect the expectation that recruitment panels will be diverse. The policy, states that 'recruiting managers will be held accountable for ensuring diverse shortlisting and interview panels. UHNM stipulate that it is a requirement that all Band 6 AFC posts and above have an ethnically diverse shortlist and interview panel. All of which need to be recorded against the vacancy on TRAC and will be audited'.

Our internal leadership development – Gold and Platinum Connects programmes also now by a self-nomination process to ensure there is greater prioritisation and consistency of diversity in talent.

Black History Month

Black History Month 2020 was used to focus on the importance of Allies, and the Trust Communications Department created a short animated video 'how to be an effective ally'.

The Trust supported the annual Show Racism the Red Card event, with a fantastic show of support from senior leaders, departments and individuals wearing red.

Weekly profiles of inspirational Black people in British history along with a return of the hugely popular Caribbean menu at the Royal Stoke and County restaurants took place during the month long celebrations. A WRES infographic outlining our progress was also shared across the organisation.

Disability History Awareness Month

18th November to 20th December saw our first Disability History Awareness Month, and was celebrated with the joint staff network event on 16th December and further promotion of the support available from the Staff Network and the Tailored Adjustment Plan. An infographic to raise awareness of what kind of conditions fall under the Disability definition and key information about working with a long term condition or disability was shared across the organisation.

During the month a series of short films featuring members of our Disability Staff Network were recorded, and these will form part of a Disability Toolkit for UHNM managers, which is to be released during 2021/22.

LGBT+ inclusion

Whilst Covid 19 meant that events such as Stoke on Trent Pride have not been able to go ahead, the LGBT+ Staff Network have actively promoted LGBT+ inclusivity across the Trust. In June 2020 the Network Chair, Executive Sponsor and LGBT+ Allies produced a short Pride Month video, all about the work of the Network, our Rainbow Badge initiative and what we are doing to make UHNM the best place it can be for LGBT+ staff and patients.

During Pride month the Network ran a month long staff survey asking LGBT+ colleagues to provide feedback on their experiences of working at UHNM. Paul Bytheway and Cae Frary, Network Chair held a Facebook Live session in September 2020 to report back on the findings of the survey and how this is shaping the priorities of the Network.

February 2021 was LGBT History Month and was celebrated with a prominent social media campaign focusing on UHNM LGBT+ Hero's and an awareness campaign about the importance of pronouns. Our LGBT+ Executive Sponsor Paul Bytheway and Network Chair Cae Frary led a podcast with the Terence Higgins Trust, which is available to listen to, and a LGBT+ History Month newsletter was shared. These resources can be viewed on the LGBT+ History Month page on the intranet.

An example of one of UHNM's LGBT+ Hero's – Caroline Brown

On 22nd March 2020 the final of three system wide Winter Inclusion School events was held. 'All of us and LGBT+ Mind, Body and Spirit' was hosted by Paul Bytheway and was a safe space to ask questions and develop competent influencing conversational skills in relation to LGBT+; to create LGBT+ inclusive workspaces and enable LGBT+ service users to receive outstanding experiences. Paul is also the system wide LGBT+ network sponsor.

A series of Transgender Awareness Training Sessions have been scheduled throughout 2021, starting in April. The sessions are led by Jenny Harvey from North Staffordshire Combined Healthcare NHS Trust/Unison and aims to increase awareness of issues surrounding Trans people when accessing healthcare, which can make a significant difference to their experience as service users. The training will provide staff with enhanced skills and knowledge to support colleagues who may be or have transitioned.

Gender Equality

The issues that surround the gender pay gap and its reporting are complex and the causes are a mix of work, family and societal influences. As employers we will only be able to influence those factors associated with the workplace. The NHS People Plan recognises that to become a modern and model employer the NHS should place a strong emphasis on taking steps to expand opportunities for staff to work more flexibly so that they can achieve a better work-life balance. These are key enablers to increasing the representation of women and removing barriers to progression. During 2020-21:

- Our Flexible Working Policy was reviewed in October 2020 to further enhance the family friendly workplace offering available, with the policy now including the right to request flexible working from the first day and flexible working as a reasonable adjustment to support employees with disabilities.
- The Trust ran a high profile awareness campaign on menopause and the workplace 'Let's Talk About Menopause' which promoted the support and adjustments available for workers experiencing menopausal symptoms when at work
- During 2020 the Staffordshire High Potential Scheme was launched. The HPS is a fully funded 24-month career development scheme to help high potential, aspiring middle level clinical or non-clinical NHS

leaders accelerate their career to senior executive roles at a faster pace. There has been particular emphasis on encouraging applications from protected groups including females and it is extremely positive that 50% of UHNM representatives on the scheme are women
- Revised the nomination process for our Connects Leadership Development programmes to a self-nomination system designed to increase diversity of applications
- Launched an Agile working review across the organisation

Our 2020 gender pay gap report sets out our actions for 2021-22 which will build upon the flexible working changes that are emerging though Covid-19 and respond to the NHS People Plan aspirations of making flexible working a reality for our workforce, with an emphasis on increasing flexible working arrangements in the medical profession. One of the actions taken already has been to advertise all medical and dental roles as available for less than full time working. UHNM's Agile Working Policy was also approved at the March meeting of TJNCC.

8th March 2021 marked International Women's Day and a series of profiles on inspiring UHNM females from across the organisation were shared. As part of the celebrations Tracy Bullock also recorded a short video where she discussed her role as a Chief Executive and the place of women as leaders in the NHS.

Earlier, in January 2021 Tracy Bullock was also a keynote speaker along with other inspirational women leaders at the Staffordshire ICS Winter Inclusion School event – 'Women through a Leadership Lens' which aimed to share fresh ideas and insights through powerful personal stories and conversations and provide delegates with skills and develop new perspectives through challenging gender stereotypes and overcoming barriers to enable progress in leadership journeys.

Leadership Development - Diversity and Inclusion Awareness

One of the actions in our workforce race equality action plan is to embed cultural intelligence training within UHNM. In December 2020 two members of our Ethnic Diversity Staff Network in addition to HR and Organisational Development team members attended the 'Above Difference' Cultural Intelligence training programme. We have now translated this development into an 'Inclusivity Master Class', which has been introduced to the Gold and Platinum Connects Programme.

In September 2020 a Race Equality Board Development Seminar was held, with presentations from Habib Navqi of the national WRES team and Navina Evans, the outgoing CEO of East London NHS Foundation Trust, who shared her Trusts journey in tackling race equality.

Across the ICS, a development programme for leaders – the Winter Inclusion School ran a series of inclusion events for leaders, which launched on the 30th November with 'Let's Talk About Race' event.

Supporting protected groups during the Covid 19 Pandemic

Our Staff Networks have been actively involved in shaping the support we give to protected groups during the Covid-19 pandemic. Regular communications are sent to our networks about the local and national support available and we engage with our networks to ensure that we are providing the support that is needed.

We have undertaken a full audit of BAME Staff Risk Assessments to provide assurance that all of our BAME workforce have had a risk assessment undertaken and that appropriate mitigating action has been taken where this is indicated.

An Advisory Group for our Risk Assessment process has been established to ensure it is in accordance with best practice and the latest clinical evidence. The group also include our Ethnic Diversity Network Chair/WRES Expert and our Workforce Equality Manager.

In response to evidence that BAME communities are less likely to take up the COVID-19 vaccine, the Trust produced a short video, involving our own staff for colleagues to find out more about the safety and effectiveness of the vaccine. The video can be accessed here. The video and other resources aim to

provide a clearer understanding of vaccine uptake and potential hesitancies that are emerging among BAME colleagues and communities in the region, as well as helping to allay concerns.

Guidance on shielding, including infographics have been shared with our Disability Staff Network, and feedback from the network group led to recommendations about the redeployment during the pandemic of staff with a disability or long term condition into unsuitable roles or where reasonable adjustments should be in place.

Key equality and inclusion priorities for 2020-2021:

- A strategic focus on respect and dignity
- Review our recruitment and promotion practices to ensure that our staffing reflects the diversity of the community
- Progression of our Model Employer goals to ensure that our workforce leadership is representative of the overall BAME workforce
- Launch the UHNM Reverse Mentoring Programme and to introduce cultural intelligence training
- Enhance the experiences of our staff with disabilities through launching a disability awareness package for line managers and a reasonable adjustment policy
- Introduce a trans awareness training package for both staff and patients

Health and Safety

We have a duty under the Health & Safety at Work Act (1974), and other Health and Safety legislation, to ensure, so far as is reasonably practicable, the health, safety and welfare of employees, and those persons who are not employees who might be affected by our activities.

During 2020/21, our Health and Safety Team have been involved in a number of initiatives and projects aimed at improving health and safety across the organisation. Some key highlights include:

- Development and delivery of training on completing Covid 19 Risk Assessments.
- Completion of Corporate Risk Assessments for Covid 19 and the implementation of Government Guidance.
- Review of incident data to ensure incidents were reported to the HSE under RIDDOR as necessary.
- Development and implementation of an incident investigation process including reporting and training.
- Development of DSE assessment processes to support the move towards agile working.
- Development of an alternative risk assessment process with accompanying training, for launch in Spring 2021.
- Refreshed Executive Health and Safety Group with Divisional structures being identified and confirmed
- Development of the Health and Safety Strategy.
- Revision of the Health and Safety policy to reflect an alternative approach to managing safety, with the reduction of polices and more streamlined Standard Operating Procedures and effective training.

Trade Unions

We have a formal agreement in place with the Trade Unions representing our workforce, which is set out within our Trust Policy for Recognition and Collective Bargaining Arrangements. This outlines our involvement of recognised trade unions and details the consultative framework designed to facilitate harmonious industrial relations. We are committed to working in partnership to achieve these and have agreed systems in place which grants employees with time off for trade union duties.

In order to enable industrial relations to be conducted in an orderly and structured manner, a 'Joint Staff Side' is recognised as the main body through which all industrial matters are considered.

Tracy Bullock

Tracy Bullock, Chief Executive
14th June 2021

Part C: Financial Statements

A commentary on our financial position is included earlier in this report in our headline finances. The following pages are our Summary Financial Statements.

The Statement of Comprehensive Income shows how much money we earned and how we spent it. The main source of our income is clinical commissioning groups, with which we have agreements to provide services for their patients.

The Statement of Comprehensive Income shows how much money we earned and how we spent it. The main source of our income is clinical commissioning groups, with which we have agreements to provide services for their patients.

Our biggest expense is on the salaries and wages of our staff. On average during this year we employed the equivalent of 10, 145 full time staff (9,656 19/20). The actual number of people working for the Trust is more because some staff work part time (therefore the full time equivalent is less).

We also spend money buying services from other parts of the NHS, mainly ambulance transport for our patients.

We buy clinical and general supplies, maintain our premises, some of the costs of which are payable to our PFI partner, and pay for gas and electricity, rent and rates. We also allow for depreciation, the wearing out of buildings and equipment which need to be replaced.

Our Statement of Financial Position summarises our assets and liabilities. It tells us the value of the land, buildings and equipment we own and of supplies we hold in stock for the day to day running of the hospital. It also shows money owed to us and the money we owe to others, mainly for goods and services received but not yet paid for. Under International Financial Reporting Standards it also shows buildings and equipment that are legally owned by our PFI partner and related borrowings which will be settled through the unitary payments we make over the term of the PFI contracts.

In accordance with the requirement to ensure that the carrying value of land and buildings are not materially misstated the Trust commissioned an independent valuer to carry out an interim valuation exercise in March 2021. This resulted in an increase in value of £24m in the carrying value of the assets at 31 March 2021 and reflects an increase in the location factor applied relating to the Staffordshire area and a small movement in the building price indices.

The Better Payment Practice Code shows how quickly we pay our bills.

Statement of Comprehensive Income for the Year Ended 31 March 2021

	2020/21 £000	2019/20 £000
Operating income from patient care activities	777,292	723,279
Other operating income	137,784	117,357
Operating expenses	(881,523)	(826,612)
Operating surplus/(deficit) from continuing operations	**33,553**	**14,024**
Finance income	99	299
Finance expenses	(17,131)	(24,190)
Public dividend capital dividends payable	(5,637)	0
Net finance costs	**(22,669)**	**(23,891)**
Other gains / (losses)	71	40
Surplus/(deficit) for the year	**10,955**	**(9,827)**
Other Comprehensive Income		
Impairments		0
Revaluations	6,006	14,062
Total comprehensive income / (expense) for the period	**16,961**	**4,235**
Financial Performance for the year		
Surplus/(deficit) for the year	**10,955**	**(9,827)**
Add back I&E impairments	15	15,057
Adjustments for donated asset/government grant reserve elimination	(3,110)	1
Net impact of DHSC provided inventories for Covid response	(775)	
Reported NHS financial position	**7,085**	**5,231**

Statement of Financial Position as at 31 March 2021

	2020/21 £000	2019/20 £000
Non-current assets:		
Property, plant and equipment	531,240	499,069
Intangible assets	22,817	24,489
Trade and other receivables	452	385
Total non-current assets	**554,509**	**523,943**
Current assets:		
Inventories	15,019	13,268
Trade and other receivables	47,410	49,621
Cash and cash equivalents	55,783	26,743
Total current assets	118,212	89,632
Total assets	**672,721**	**597,507**
Current liabilities		
Trade and other payables	(98,512)	(74,793)
Provisions	(3,633)	(6,708)
Borrowings	(8,304)	(207,986)
Total current liabilities	**(110,449)**	**(289,487)**
Total assets less current liabilities	**562,272**	**324,088**
Non-current liabilities		
Provisions	(2,189)	(1,154)
Borrowings	(268,548)	(276,568)
Total non-current liabilities	**(270,737)**	**(277,722)**
Total Assets Employed:	**291,535**	**46,366**
FINANCED BY:		
Public Dividend Capital	637,861	409,653
Income and expenditure reserve	(465,267)	(476,222)
Revaluation reserve	118,941	112,935
Total Taxpayers' Equity:	**291,535**	**46,366**

Statement of Cash Flows for the Year Ended 31 March 2021

	2020/21 £000	2019/20 £000
Cash Flows from Operating Activities		
Operating surplus/ (deficit)	33,553	14,024
Non-cash income and expense:		
Depreciation and amortisation	30,184	28,519
Net impairments	15	15,057
Income recognised in respect of capital donations	(4,263)	(901)
(Increase)/decrease in inventories	(1,751)	(475)
(Increase)/decrease in receivables and other assets	3,180	(13,711)
Increase/(decrease) in payables and other liabilities	15,583	16,700
Increase/(decrease) in provisions	(2,040)	3,723
Net cash generated from / (used in) operating activities	**74,461**	**62,936**
Cash flows from investing activities		
Interest received	99	299
Purchase of intangible assets	(5,115)	(7,845)
Purchase of property, plant and equipment	(39,146)	(16,027)
Sales of property, plant and equipment	103	40
Receipt of capital donations to purchase capital assets	3,057	901
Net Cash Inflow/(Outflow) from Investing Activities	**(41,002)**	**(22,632)**
Cash flows from financing activities		
Public dividend capital received / repaid	228,208	2,511
Movement on loans from the Department of Health and Social Care	(196,093)	9,422
Movement on other loans	(16)	(294)
Capital element of finance lease rental payments	(555)	(503)
Capital element of PFI	(10,843)	(9,706)
Interest paid on finance lease liabilities	(91)	(121)
Interest paid on PFI	(17,040)	(16,287)
Other interest paid	(1,316)	(7,561)
PDC dividend (paid) / refunded	(6,673)	589
Net cash generated from / (used in) financing activities	**(4,419)**	**(21,950)**
Increase / (decrease) in cash and cash equivalents	**29,040**	**18,354**
Cash and cash equivalents at 1 April - brought forward	**26,743**	**8,389**
Cash and cash equivalents at 31 March	**55,783**	**26,743**

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

	Pubic Dividend Capital (PDC) £000	Revaluation Reserve £000	Income and Expenditure Reserve £000	Total £000
Taxpayers equity at 1 April 2020 - brought forward	409,653	112,935	(476,222)	46,366
Surplus/(deficit) for the year			10,955	10,955
Revaluations		6,006		6,006
Public dividend capital received	228,333			228,333
Public dividend capital repaid	(125)			(125)
Taxpayers equity at 31 March 2021	**637,861**	**118,941**	**(465,267)**	**291,535**

Better Payment Practice Code

Measure of Compliance	2020/21		2019/20	
	Number	£000	Number	£000
Total non NHS trade invoices paid in the year	111,177	469,641	167,860	539,904
Total non NHS trade invoices paid within target	105,546	455,532	158,101	501,736
Percentage of non NHS trade invoices paid within target	94.9%	97.0%	94.2%	92.9%
Total NHS trade invoices in the year	2,876	26,901	4,762	63,633
Total NHS trade invoices paid within target	2,552	23,071	3,805	53,073
Percentage of NHS trade invoices paid within target	88.7%	85.8%	79.9%	83.4%

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

The Trust has not signed up to the Prompt Payments Code.

Cumulative Breakeven Position

Year	Turnover	Surplus / (Deficit)
1997/98	152,393	(1,199)
1998/99	165,535	(1,246)
1999/00	182,744	1,279
2000/01	193,823	1,225
2001/02	212,576	18
2002/03	235,801	4
2003/04	257,641	3
2004/05	295,327	41
2005/06	299,619	(15,059)
2006/07	333,855	311
2007/08	393,915	3,990
2008/09	371,299	3,008
2009/10	408,938	5,312
2010/11	418,078	4,141
2011/12	426,319	1,050
2012/13	473,558	235
2013/14	475,330	(19,301)
2014/15	623,835	3,782
2015/16	702,917	(26,936)
2016/17	739,279	(27,773)
2017/18	696,630	(69,717)
2018/19	713,838	(63,607)
2019/20	840,636	5,231
2020/21	915,076	7,085

Cumulative Breakeven Position:

Our External Auditor

To demonstrate that we are running our Trust properly we are required to publish a number of statements which are signed by our Chief Executive on behalf of our Trust Board. These statements cover our financial affairs as well as a number of other aspects of managing our Trust.

Our external auditor also checks our accounts and other aspects of our work and we are required to publish statements from them confirming that they are satisfied with what we have done. These formal statements are reproduced on these pages and the directors confirm that they know of no information which would be relevant to the auditors for the purposes of their report which has not been disclosed.

Our accounts are externally audited by Grant Thornton to meet the statutory requirements of the Department of Health. They received fees of £119k for the financial statements audit (including audit of the Annual Report and Annual Governance Statement).

Pension Costs

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. As a consequence it is not possible for our Trust to identify our share of the underlying scheme assets and liabilities. Therefore the scheme is accounted for as a defined contribution scheme and the cost of the scheme is equal to the contributions payable to the scheme for the accounting period.

Full Accounts

A full set of audited accounts for University Hospitals of North Midlands NHS Trust is available on request or can be viewed and downloaded on our website www.uhnm.nhs.uk.

Certificate on Summarisation Schedules

Trust Accounts Consolidation (TAC) Summarisation Schedules for University Hospitals of North Midlands NHS Trust.

Summarisation schedules numbers TAC01 to TAC34 and accompanying WGA sheets for 2020/21 have been completed and this certificate accompanies them.

Finance Director Certificate

1. I certify that the attached TAC schedules have been compiled and are in accordance with:
   - the financial records maintained by the NHS Trust
   - accounting standards and policies which comply with the Department of Health and Social Care's Group Accounting Manual and
   - the template accounting policies for NHS trusts issued by NHS Improvement, or any deviation from these policies has been fully explained in the Confirmation questions in the TAC schedules.

2. I certify that the TAC schedules are internally consistent and that there are no validation errors.

3. I certify that the information in the TAC schedules is consistent with the financial statements of the NHS Trust.

Mark Oldham, Chief Finance Officer
14th June 2021

Chief Executive Certificate

1. I acknowledge the attached TAC schedules, which have been prepared and certified by the Finance Director, as the TAC schedules which the Trust is required to submit to NHS Improvement.

2. I have reviewed the schedules and agree the statements made by the Director of Finance above.

Tracy Bullock, Chief Executive
14th June 2021

Provider accounts template - single entity accounts

Inputs

MARSID	NORTHMIDLANDS
Name of provider	University Hospitals of North Midlands NHS Trust
Provider status	Trust
Date of year end	31/03/2021
Start of current year	01/04/2020
Comparative year end	31/03/2020
Start of comparative year	01/04/2019
Year for financial reporting	2020/21
Year for comparative year	2019/20
Year for year end	2021
Year for comparative year	2020
Opening Year	2019
Next financial year	2021/22
Date of approval of financial statements	14/06/2021

University Hospitals of North Midlands NHS Trust

Annual accounts for the year ended 31 March 2021

Statement of Comprehensive Income for the year ended 31st March 2021

	Note	2020/21 £000	2019/20 Restated £000
Operating income from patient care activities	3	777,292	723,279
Other operating income	4	137,784	117,357
Operating expenses	6, 8	(881,523)	(826,612)
Operating surplus/(deficit) from continuing operations		**33,553**	**14,024**
Finance income	11	99	299
Finance expenses	12	(17,131)	(24,190)
PDC dividends payable		(5,637)	-
Net finance costs		**(22,669)**	**(23,891)**
Other gains / (losses)	13	71	40
Surplus / (deficit) for the year		**10,955**	**(9,827)**
Other comprehensive income *			
Will not be reclassified to income and expenditure:			
Revaluations	17	6,006	14,062
Total comprehensive income / (expense) for the period		**16,961**	**4,235**

*Other Comprehensive Income shows other non-cash net gains/(losses) that are not included as either operating revenue or expenditure, and as such does not impact on the financial outturn of the Trust.

The notes on pages 8 to 61 form part of this account

The note below does not form part of the Statement of Comprehensive income for the year as required by the GAM. The Trust has a statutory duty to break even on a cumulative basis and the note below informs the reader of items that are not considered to be within the scope of the NHS financial performance measured against the Trust's control total and are therefore excluded;

Adjusted financial performance (control total basis)		
Surplus / (deficit) for the period	10,955	(9,827)
Remove net impairments not scoring to the Departmental expenditure limit	15	15,057
Remove I&E impact of capital grants and donations	(3,110)	1
Remove net impact of inventories received from DHSC group bodies for COVID response	(775)	-
Adjusted financial performance surplus / (deficit)	**7,085**	**5,231**

Net impairment of £0.015 million (includes impairment charge of £2.100 million and the reversal of previous impairments of £2.085 million).

During the 2020/21 financial year the Trust has received capital donations of £4.263 million. Of this £3.057 million was received from UHNM charity and £1.206 million from DHSC in relation to central loan stock equipment during the Covid pandemic. This is offset by depreciation expenditure on donated and granted assets of £1.153 million.

The Trust received consumables donated by DHSC of £16.280 million for clinical supplies and services as part of the response to the Covid pandemic. Of this £15.505 million was issued and is shown as expenditure and £0.775 million is held within inventories at the balance sheet date.

Statement of Financial Position as at 31st March 2021

	Note	31 March 2021 £000	31 March 2020 Restated £000
Non-current assets			
Intangible assets	14	22,817	24,489
Property, plant and equipment	15	531,240	499,069
Receivables	19	452	385
Total non-current assets		**554,509**	**523,943**
Current assets			
Inventories	18	15,019	13,268
Receivables	19	47,410	49,621
Cash and cash equivalents	20	55,783	26,743
Total current assets		**118,212**	**89,632**
Current liabilities			
Trade and other payables	21	(90,684)	(69,184)
Borrowings	23	(8,304)	(207,986)
Provisions	25	(3,633)	(6,708)
Other liabilities	22	(7,828)	(5,609)
Total current liabilities		**(110,449)**	**(289,487)**
Total assets less current liabilities		**562,272**	**324,088**
Non-current liabilities			
Borrowings	23	(268,548)	(276,568)
Provisions	25	(2,189)	(1,154)
Total non-current liabilities		**(270,737)**	**(277,722)**
Total assets employed		**291,535**	**46,366**
Financed by			
Public dividend capital		637,861	409,653
Revaluation reserve		118,941	112,935
Income and expenditure reserve		(465,267)	(476,222)
Total taxpayers' equity		**291,535**	**46,366**

The notes on pages 3 to 61 form part of these accounts.

The financial statements on pages 3 to 61 were approved by the Board on 14 June 2021 and signed on its behalf by

Tracy Bullen

Position **Chief Executive**
Date **14 June 2021**

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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2020 - brought forward restated	**409,653**	**112,935**	**(476,222)**	**46,366**
Surplus/(deficit) for the year	-	-	10,955	**10,955**
Revaluations	-	6,006	-	**6,006**
Public dividend capital received **	228,333	-	-	**228,333**
Public dividend capital repaid	(125)	-	-	**(125)**
Taxpayers' and others' equity at 31 March 2021	**637,861**	**118,941**	**(465,267)**	**291,535**

** The increase in Public Dividend Capital of £228.333 million in 2020/21 relates to £196.053 million in respect of the replacement of DHSC interim revenue and capital loans as at 1 April 2020 with the issues of Public Dividend Capital. Capital funding of £32.240 million was received in 2020/21 for;

- Purchase of Lyme building modular ward and theatre £9.040 million
- Royal Infirmary demolition £5.501 million
- Emergency Department £4.300 million
- Critical Risk Infrastructure £3.214 million
- Purchase of Grindley Hill Court £5.350 million
- Covid related capital (including testing and pathology expansion) £2.100 million
- Health Service Lead Investment (HSLI) Provider Digitalisation Programme £1.184 million
- Diagnostic funding £0.900 million
- Critical care funding £0.400m
- Other £0.142 million

Statement of Changes in Equity for the year ended 31 March 2020

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**407,142**	**98,873**	**(466,395)**	**39,620**
Surplus/(deficit) for the year	-	-	(9,827)	**(9,827)**
Revaluations	-	14,062	-	**14,062**
Public dividend capital received **	2,511	-	-	**2,511**
Taxpayers' and others' equity at 31 March 2020 restated	**409,653**	**112,935**	**(476,222)**	**46,366**

** The increase in Public Dividend Capital of £2.511 million in 2019/20 relates to capital funding received for;
- Health Service Lead Investment (HSLI) Provider Digitalisation Programme £1.267 million
- Imaging funding £1.184 million
- Other £0.06 million

Reconciliation of movement on retained earnings to adjusted deficit as at 31st March 2021

	£000
Net movement in retained earnings for the year	10,955
Remove net impairments not scoring to the Departmental expenditure limit	(15)
Remove I&E impact of capital grants and donations	3,110
Remove net impact of inventories received from DHSC group bodies for COVID response	775
Adjusted financial performance surplus	7,085
Total	**10,955**

Information on reserves

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

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

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

Statement of Cash Flows for the year ended 31st March 2021

	Note	2020/21 £000	2019/20 £000
Cash flows from operating activities			
Operating surplus / (deficit)		33,553	14,024
Non-cash income and expense:			
Depreciation and amortisation	6.1	30,184	28,519
Net impairments	7	15	15,057
Income recognised in respect of capital donations	4	(4,263)	(901)
(Increase) / decrease in receivables and other assets		3,180	(13,711)
(Increase) / decrease in inventories		(1,751)	(475)
Increase / (decrease) in payables and other liabilities		15,583	16,700
Increase / (decrease) in provisions		(2,040)	3,723
Net cash flows from / (used in) operating activities		**74,461**	**62,936**
Cash flows from investing activities			
Interest received		99	299
Purchase of intangible assets		(5,115)	(7,845)
Purchase of property, plant and equipment		(39,146)	(16,027)
Sales of property, plant and equipment		103	40
Receipt of cash donations to purchase assets		3,057	901
Net cash flows from / (used in) investing activities		**(41,002)**	**(22,632)**
Cash flows from financing activities			
Public dividend capital received		228,333	2,511
Public dividend capital repaid		(125)	-
Movement on loans from DHSC		(196,093)	9,422
Movement on other loans		(16)	(294)
Capital element of finance lease rental payments		(555)	(503)
Capital element of PFI service concession payments		(10,843)	(9,706)
Interest on loans		(1,316)	(7,561)
Interest paid on finance lease liabilities		(91)	(121)
Interest paid on PFI service concession obligations		(17,040)	(16,287)
PDC dividend (paid) / refunded		(6,673)	589
Net cash flows from / (used in) financing activities		**(4,419)**	**(21,950)**
Increase / (decrease) in cash and cash equivalents		**29,040**	**18,354**
Cash and cash equivalents at 1 April - brought forward		**26,743**	**8,389**
Cash and cash equivalents at 31 March	20.1	**55,783**	**26,743**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

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

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

Note 1.2 Going concern
These accounts have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case.

Note 1.3 Interests in other entities
The divergence from the Government Financial Reporting Manual (FReM) that NHS Charitable Funds are not consolidated with NHS Trust's own financial statements has been removed. Under the provisions of IFRS 10 Consolidated Financial Statements, those Charitable Funds that fall under common control with NHS bodies should be consolidated within the entity's financial statements. The Trust has a Charitable Fund, the 'UHNM Charity' that falls under the definition of common control. Common control is defined within IFRS 10 as "the power to govern the financial and operational policies of an entity so as to obtain benefits from its activities". Control is presumed to exist where a parent owns directly or indirectly more than half of the voting power of an entity, including where a body acts as a corporate trustee. The Trustees of the Charitable Fund are all members of the Trust Board. The purpose of an NHS Charity is to assist NHS patients, and HM Treasury view this as the "benefit" link as per the IFRS 10 guidance. The Trust has reviewed the financial statements of the 'UHNM Charity' and it is deemed that the income, expenditure, assets and liabilities of the Charitable Fund are not material. IAS 1 Presentation of Financial Statements states that specific disclosure requirements set out in individual standards or interpretations need not be satisfied if the information is not material. The consolidation of the Charitable Fund would not have a material impact on the financial statements of the Trust and has therefore not been consolidated into the Trust's financial statements.

Note 1.4 Revenue from contracts with customers

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

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

Revenue from NHS contracts

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

2020/21

The main source of income for the Trust is contracts with commissioners for health care services. In 2020/21, the majority of the Trust's income from NHS commissioners was in the form of block contract arrangements. During the first half of the year the trust received block funding from its commissioners. For the second half of the year, block contract arrangements were agreed at an Integrated Care System/Sustainability and Transformation Partnership level. The related performance obligation is the delivery of healthcare and related services during the period, with the trust's entitlement to consideration not varying based on the levels of activity performed.

The Trust has received additional income outside of the block and system envelopes to reimburse specific costs incurred and other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

Comparative period (2019/20)

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

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

For 2020/21 and 2019/20

Revenue from research contracts

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract. Some research income alternatively falls within the provisions of IAS 20 for government grants.

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.

Education and Training

The Trust receives income from Health Education England (HEE) in relation to medical and non medical trainees. Revenue is in respect of training provided and is recognised when performance obligations are satisfied when training has been performed. Where performance obligations are undertaken within the financial year, this is agreed and invoiced to HEE. Where training occurs across financial years the income is deferred to match the expenditure.

Note 1.5 Other forms of income

Grants and donations

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grant is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

Apprenticeship service income

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider from the Trust's Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Other income

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

Note 1.6 Expenditure on employee benefits

Short-term employee benefits

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

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS employers, general practices and other bodies, allowed under the direction of Secretary of State for Health and Social Care in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme: the cost to the Trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as and when they become due.

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

Note 1.7 Expenditure on other goods and services

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

Note 1.8 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the trust
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the item has cost of at least £5,000, or
- collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.

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.

Subsequent expenditure

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

Measurement

Valuation

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

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

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost on a modern equivalent asset basis.

All land and buildings are restated to current value using independent professional valuations in accordance with IAS16 at least every five years, with interim revaluations carried out annually also by independent professional valuers. The full asset valuation includes a full site inspection by the professional valuer whilst interim valuations only include a site inspection where deemed necessary due to significant changes in the year. The last full asset valuations were undertaken at the prospective valuation date at 1st April 2016 which included a site visit in early 2016.

The Trust was required to carry out a full valuation of land and building assets at 31st March 2021 in line with the approved accounting policies. A full asset valuation requires a full site inspection by the external valuer. As a result of the Covid-19 pandemic it was the view of the Trust and the external valuer that a full site inspection was not practical and would not be appropriate in line with the restrictions on travel in early 2021.

An interim valuation has been carried out at 31 March 2021 which included a review of capital expenditure, market conditions and asset lives. This is consistent with previous years which fully takes into account capital expenditure on land and building assets, any changes to the site and reflects building cost indices. The only difference to a full asset valuation of this desk top approach is the absence of an on-site visit. A full asset valuation will be deferred by a year to 31st March 2022.

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual.

The property valuations are carried out primarily on the basis of (DRC) for specialised operational property (e.g. NHS patient treatment facilities) and Existing Use Value (EUV) for non-specialised operational property. The value of land for existing use purposes is assessed at EUV. For non-operational land including surplus land, the valuations are carried out at Market Value.

The Department of Health has adopted the Modern Equivalent Asset (MEA) approach for its DRC valuations rather than the previous identical replacement method. The MEA approach used to value the property will normally be based on the cost of a modern equivalent asset that has the same service potential as the existing asset and then adjusted to take account of obsolescence. In the past, functional obsolescence has not been reflected in asset valuations for the NHS.

Functional obsolescence examines a building's design or specification and whether it may no longer fulfil the function for which it was originally designed or whether it may be much more basic than the MEA. The asset will still be capable of use but at a lower level of efficiency than the MEA, or may be capable of modification to bring it up to a current specification. Other common causes of functional obsolescence include advances in technology or legislative change. The obsolescence adjustment will reflect either the cost of upgrading, or if this is not possible, the financial consequences of the reduced efficiency compared with the modern equivalent.

The Trust's PFI assets have been valued using the modern equivalent asset method at depreciated replacement cost excluding VAT. By excluding VAT the Trust is accurately reflecting the depreciated replacement cost as a replacement asset would also be funded by PFI and, by the nature of the contract, have VAT recovered. This valuation is the same methodology as in the prior year.

The MEA approach incorporates the Building Cost Information Service Index to determine an increase or decrease in building costs which impact on the asset valuation.

The carrying values of PPE are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

The Trust's land and building valuation was carried out by the Trust's current valuer DVS, on a MEA "Optimised Alternative Site" method valuation, and applied on 1st April 2016, with an interim valuation at 31 March 2021.

The valuation has been undertaken having regard to IFRS as applied to the UK public sector and in accordance with HM Treasury guidance. The Trust has valued its land and buildings at current value - non-specialised assets at existing use value and specialised operation assets at depreciated replacement cost.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences when the assets are brought into use.

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

Depreciation

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

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

Revaluation gains and losses

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

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

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

Impairments

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

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

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once the criteria in IFRS 5 are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

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

Donated and grant funded assets

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

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

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

Private Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT) transactions

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM*, are accounted for as 'on-Statement of Financial Position' by the trust. In accordance with HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment, together with an equivalent liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset. The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as incurred.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

The lifecycle replacement element of the Unitary payment is capitalised where this meets the definition of capital expenditure as set out in 1.8

PFI Asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value or, if lower, at the present value of the minimum lease payments, in accordance with the principles of IAS 17. Subsequently, the assets are measured at current value in existing use.

PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the initial value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Income.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the NHS trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term accrual or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

Assets contributed by the NHS trust to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the NHS trust's Statement of Financial Position.

Other assets contributed by the NHS trust to the operator

Assets contributed (e.g. cash payments, surplus property) by the NHS trust to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the NHS trust, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

Useful lives of property, plant and equipment

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

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	15	80
Dwellings	20	80
Plant & machinery	5	15
Transport equipment	4	7
Information technology	3	10
Furniture & fittings	5	15

Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Note 1.9 Intangible assets

Recognition

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

Internally generated intangible assets

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

Expenditure on research is not capitalised. Expenditure on development is capitalised where it meets the requirements set out in IAS 38.

Software

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

Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Intangible assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

Amortisation

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

Useful lives of intangible assets

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

	Min life Years	Max life Years
Software licences	2	15

Note 1.10 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method. This is considered to be a reasonable approximation to the fair value due to the high turnover of stocks.

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

Note 1.11 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

Note 1.12 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, i.e., when receipt or delivery of the goods or services is made.

Classification and measurement

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

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

Financial assets and financial liabilities at amortised cost

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

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

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care (in 2019/20 comparatives only), the effective interest rate is the nominal rate of interest charged on the loan.

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income where business model objectives are met by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest. Movements in the fair value of financial assets in this category are recognised as gains or losses in other comprehensive income except for impairment losses. On derecognition, cumulative gains and losses previously recognised in other comprehensive income are reclassified from equity to income and expenditure, except where the Trust elected to measure an equity instrument in this category on initial recognition.

The Trust does not hold financial assets and financial liabilities at "fair value through other comprehensive income".

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

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

The Trust does not hold financial assets and financial liabilities at "fair value through income and expenditure".

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.

Derecognition

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

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

Note 1.13 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The trust as a lessee

Finance leases

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

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

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

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially in other liabilities on the statement of financial position and subsequently as a reduction of rentals on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

Leases of land and buildings

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

The trust as a lessor

Finance leases

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

Operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Note 1.14 Provisions

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

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

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

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

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

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 25.2 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

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

Note 1.15 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 26 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 26, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

• possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

• present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.16 Public dividend capital

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

The Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined by the Department of Health and Social Care.

This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts.

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

Note 1.17 Value added tax

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

Note 1.18 Climate change levy

Expenditure on the climate change levy is recognised in the Statement of Comprehensive Income as incurred, based on the prevailing chargeable rates for energy consumption.

Note 1.19 Third party assets

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

Note 1.20 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.

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

Note 1.21 Transfers of functions from other NHS bodies

For functions that have been transferred to the trust from another NHS body, the transaction is accounted for as a transfer by absorption. The assets and liabilities transferred are recognised in the accounts using the book value as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition.

For property, plant and equipment assets and intangible assets, the cost and accumulated depreciation / amortisation balances from the transferring entity's accounts are preserved on recognition in the trust's accounts. Where the transferring body recognised revaluation reserve balances attributable to the assets, the trust makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain transparency within public sector accounts.

Note 1.22 Early adoption of standards, amendments and interpretations

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

Note 1.23 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases

IFRS 16 Leases will replace *IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations and is applicable in the public sector for periods beginning 1 April 2022. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

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

On transition to IFRS 16 on 1 April 2022, the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be defined by HM Treasury. Currently this rate is 0.91% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2022 for existing finance leases.

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

The Trust is in the process of updating its Asset Register system, which is currently used to record Non-Current Assets, to include Right of Use Assets. This will allow the calculation of a liability and asset for existing leases as well as accounting for new leases as they are implemented. The Trusts 5 year capital plans will include Capital Resource cover for new leases at the value of the lease liability.

The trust has estimated the impact of applying IFRS 16 in 2022/23 on the opening statement of financial position and the in-year impact on the statement of comprehensive income and capital additions as follows:

	£000
Estimated impact on 1 April 2022 statement of financial position	
Additional right of use assets recognised for existing operating leases	7,842
Additional lease obligations recognised for existing operating leases	(7,842)
Net impact on net assets on 1 April 2022	-
Estimated in-year impact in 2022/23	
Additional depreciation on right of use assets	(1,882)
Additional finance costs on lease liabilities	(88)
Lease rentals no longer charged to operating expenditure	2,019
Estimated impact on surplus / deficit in 2022/23	**49**

The estimated increase in capital additions for new leases commencing in 2022/23 are net yet known.

The discount rate used in the calculations above is assumed at 1.27%. Where a fully signed lease document is not in place assumptions have been made on the length of the lease based on the Trust's expectation of continuing to use the property.

From 1 April 2022, the principles of IFRS 16 will also be applied to the Trust's PFI liabilities where future payments are linked to a price index representing the rate of inflation. The PFI imputed lease liability will be remeasured when a change in the index causes a change in future imputed lease payments and that change has taken effect in the cash flow. Under existing accounting practices, amounts relating to changes in the price index are expensed as incurred. This is expected to increase the PFI liability on the statement of financial position upon transition to IFRS 16. The effect of this has not yet been quantified.

Other standards, amendments and interpretations

IFRS 14 Regulatory Deferral Accounts. Not EU endorsed. Applies to first time adopters of IFRS after January 2016, therefore not applicable to DHSC group bodies

IFRS 17 Insurance Contracts. Application required for accounting periods beginning on or after 1 January 2021, standard is not yet adopted by the FReM which is expected to be from April 2023: early adoption is not permitted.

Note 1.24 Critical judgements in applying accounting policies

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Estate Valuation

The Trust's management and the external valuer have elected to have a desk top valuation of the Trust's land and buildings as at 31 March 2021. The Trust's valuation approach was to have a full valuation including a full site inspection every 5 years with interim "desk top" valuations on an annual basis; the full site valuation was due on 31 March 2021. As a result of the Covid-19 pandemic it was the view of the Trust and the external valuer that a full site inspection was not practical and would not be appropriate in line with the current restrictions. The option to carry out a desk top valuation was, under these circumstances, elected as providing the best assurance that the values are not materially misstated at the balance sheet date. The value of the Trust's Land, buildings and dwellings as at 31 March 2021 is £463.712 million. If the Trust's management had not revalued the estate, at 31 March 2021 the value of Land, Buildings and Dwellings would have been £457.370 million.

The Trust's valuation adopts a Modern Equivalent Asset (MEA) approach for its DRC valuations rather than the identical replacement method. The MEA approach used to value the property is based on the cost of a modern equivalent asset that has the same service potential as the existing asset and then adjusted to take account of functional obsolescence.

The Trust has made the judgement that the modern equivalent asset would be based around the use of an "optimised alternative site" in that all services would be based at a single site at Royal Stoke. The overall size of the modern equivalent asset includes an examination of building design or specification and makes assumptions around efficiencies. The resulting judgement is that under this approach a number of clinical and administrative areas would be combined into a "notional building" and would result in efficiencies in the overall footprint of the site. As a result the overall footprint provided to the valuer is lower than it would have been on a direct replacement basis.

Annual Leave Accrual
The Trust has made a critical judgement in calculating the value of the accrual to be included in the accounts for annual leave entitlements earned but not taken during 2020/21. The accrual includes the estimated costs of the staffing required to back fill the annual leave when taken (basic time plus enhancements and premiums), rather than the cost of the annual leave entitlement earned but not taken by employees at the end of the period.

The total value of the annual leave accrual is £15.553 million. The impact of enhancements and premiums on the accrual are set out below:

- accrual without enhancements or premiums: £9.828 million
- accrual with enhancements: £11.150 million

Royal Infirmary site
The Trust has deemed the Royal Infirmary site should be accounted for as a surplus asset following an assessment under Para 4.108 of the GAM. The site contains buildings that are no longer used and have been earmarked for demolition due to the significant risk of the condition of the buildings and significant work on making the site safe and demolition has taken place in 2020/21 with this work to be completed in 2021/22.

In line with Para 4.108 of the GAM the Royal Infirmary site has been classified as an asset not held for it's service potential: surplus, within the financial statements. This judgement is on the basis that the land does not meet the definition to be held for service potential, there are not deemed to be restrictions that would prevent access to the market, however the land does not meet the criteria to be considered as an asset held for sale.

In line with the GAM the land will be valued on the basis of Fair value in accordance with IFRS 13 – highest and best use. The Trust's judgement is that it will receive a significant economic benefit from the Royal Infirmary land when the demolition works are complete, the total cost of this demolition work is currently anticipated to be £8.500 million, with this benefit being in the form of a capital receipt from the sale of the land.

Expenditure of £6.325 million has been carried out on demolition in 2020/21 and the Trust's judgement is that this meets the definition of capital expenditure under IAS16 and that this expenditure should be added to the cost of the asset. At 31 March 2021 the Trust has reviewed the carrying value of the Royal Infirmary land and an impairment of £2.100 million has been charged to the SOCI and the carrying value at the balance sheet date is £4.325 million. On completion of the demolition work a valuation by an independent valuer will be undertaken for the land under IFRS13 – highest and best use.

PFI Assets
The Trust's PFI scheme is deemed under International Financial Reporting Standards to be classed as on Statement of Financial Position on the basis that the asset is under the control of the Trust and all risks and rewards sit with the Trust. This is deemed to be a critical judgement that impacts on the financial statements.

The Trust's PFI assets have been valued using the modern equivalent asset method at depreciated replacement cost excluding VAT. By excluding VAT the Trust is accurately reflecting the depreciated replacement cost of the PFI assets. Our judgement based on the assumption that any replacement assets would be funded by PFI provider which is a requirement under the PFI project contract agreement. In these circumstances, by the nature of the contract, VAT would be recoverable by the Trust.

Operating leases/finance leases
The Trust has two buildings which are leased to a third party. The Trust has deemed that this is an operating lease where the risks and rewards of the asset remain with the Trust and as such are recognised on the Trust's Statement of Financial Position as assets. This is deemed to be a critical judgement as if the transaction was deemed to be a finance lease the assets would not be reflected in the Statement of Financial Position and the property, plant and equipment balance would be £15.747 million lower if these assets were not included.

Note 1.25 Sources of estimation uncertainty
The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Estate Valuation
Note 1.24 sets out the key judgements that impact on the estate valuation provided by the external valuer. Within the external valuation provided by the valuer the major sources of estimation uncertainty are around building indices and the location factor which form part of the overall valuation of assets.

A 1% movement in the BCIS cost indices or location factor for Staffordshire would have an impact of increasing or reducing the valuation of the Trusts estate by £4.395 million based on an overall valuation of building assets of £439.526 million (£453.786 million overall valuation less £14.26 million for land).

Annual leave accrual
As set out in note 1.24 the Trust has included in the accounts an accrual of £15.553 million for annual leave entitlements earned but not taking during 2020/21. The accrual includes the estimated costs of the staffing required to back fill the annual leave when taken (basic time plus enhancements and premiums), rather than the cost of the annual leave entitlement earned but not taken by employees at the end of the period. The key sources of estimation uncertainty within this calculation are the number of days annual leave untaken and the cost of enhancements and premiums;

- the accrual is based on an estimate of the annual leave untaken at 31 March 2021 and included assumptions around the well-being day. If the actual annual leave untaken was 1 day higher the accrual would increase by £3.300 million or reduce by £3.300 million if actual annual leave untaken was 1 day lower than the estimate.

- the annual leave accrual includes £4.400 million for premium rates based on current rates payable at the time of the assessment. If the actual premium rates paid to cover the leave were 50% lower than this, then the value of the accrual would reduce by £2.200 million.

Note 1.26 Prior Period Adjustment

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error under International Accounting Standard 8 (IAS8) Accounting Policies, Changes in Accounting Estimates and Errors. Changes in accounting estimates are accounted for prospectively, ie in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policy are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions of the Trust's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

As set out in note 1.8 (property, plant and equipment), the Trust is required to carry out revaluations of property, plant and equipment with sufficient regularity to ensure that the carrying value are not materially different from those that would be determined at the end of the reporting period. Specialised buildings are held at depreciated replacement cost on a modern equivalent asset basis with a full or interim valuation provided each year by an independent professional valuer. An interim valuation was carried out at 31 March 2020 and 31 March 2021.

To support the valuation process the Trust provides information to the valuer including the floor areas of the Trust's buildings and capital expenditure in the year. The floor area information provided to the valuer in February 2021 for the valuation at 31 March 2021 included an increase in relation to the PFI hub and ward assets compared to the previous year.

The floor area data provided by the Trust is exported from the property management system, which is a live database of the Trust's property and is regularly reviewed and updated with the latest and most accurate information as changes and works take place across the estate. The adjustment to increase the floor area of the PFI buildings, were due to the "as built floor plans" being updated into the system following works in the PFI building to create additional bed capacity. The floor areas had not been updated as at February 2020 when information was provided to the valuer for the 31 March 2020 valuation however this update had taken place prior to the approval of the 2019/20 accounts in June 2020.

The impact of the change in floor area at 31 March 2020 is estimated to increase the valuation of the Trust's building assets by £16.068 million at 31 March 2020. As the updated floor area information was available prior to the approval of the 2019/20 accounts in June 2020 and an adjustment of £16.068 million is considered to be a material error in the prior year, a prior period adjustment has been made. The impact of the adjustment is to increase the value of property, plant and equipment by £16.068 million with a corresponding impact on the revaluation reserve. The full impact of the prior period adjustment is set out below:

	2019/20 restated £000s	2019/20 £000s	Movement £000s
Effect on the statement of comprehensive income			
Statement of Comprehensive Income			
Surplus/(deficit) for the year	(9,827)	(9,827)	-
Other comprehensive income			
Revaluations	14,062	(2,006)	16,068
Total comprehensive income/(expense) for the period	4,235	(11,833)	16,068
Effect on the statement of financial position			
Statement of Financial Position			
Non current assets			
Property, plant and Equipment	499,069	483,001	16,068
Total net current assets	523,943	507,875	16,068
Total assets less current liabilities	324,088	308,020	16,068
Total assets employed	46,366	30,298	16,068
Financed by:			
Revaluation reserve	112,935	96,867	16,068
Total taxpayers equity	46,366	30,298	16,068
Effect on the statement of changes in equity			
Statement of changes in equity			
Revaluation reserve brought forward	98,873	98,873	-
Revaluations in 2019/20	14,062	(2,006)	16,068
Total revaluation reserve at 31 March 2020	112,935	96,867	16,068
Tax payers and other equity at 31 March 2020	46,366	30,298	16,068
Effect on note 15 Property, plant and equipment			
Note 15.1 Property, plant and equipment - buildings			
Valuation at 1 April 2019	424,078	424,078	-
Revaluations	8,033	(8,035)	16,068
Valuation cost at 31 March 2020	417,538	401,470	16,068
Accumulated depreciation at 1 April 2019	-	-	-
Revaluations	(5,994)	(5,994)	-
Accumulated depreciation at 31 March 2020	-	-	-
Net book value at 31.3.20	417,538	401,470	16,068
Note 15.4 Property Plant and Equipment financing 2019/20			
On-SoFP PFI contracts	212,535	196,467	16,068

Note 2 Operating Segments

IFRS 8 requires reporting entities to separate out the financial performance of each segment of the business, on the basis reported to the Chief Operating Decision Maker (CODM). The Trust considers that the Trust Board is the CODM of the organisation. The Trust Board receives financial performance data for the Trust as one 'healthcare' segment and makes decisions on this basis.

	Healthcare Per SOCI		Healthcare Reported to Trust Board		Healthcare Variance	
	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000
Income	915,246	840,935	908,795	821,269	6,451	19,666
Pay costs	(553,221)	(503,969)	(553,221)	(484,303)	0	(19,666)
Non pay costs	(354,940)	(331,735)	(347,714)	(331,735)	(7,226)	0
Reported breakeven performance	7,085	5,231	7,860	5,231	(775)	0
Net Assets:						
Segment net assets	291,535	30,298	294,064	30,298	(2,529)	0

The financial performance of the Trust is reported to Board against it's statutory duty to breakeven. The analysis above shows a reconciliation of the Trust's breakeven performance to the retained surplus/(deficit) reported against the Trust's control total.

The 2020/21 difference of £6.451m income and £7.226m expenditure above relates to the notional income and expenditure impact of the apprenticeship fund (£2.188 million) and donated capital income and expenditure of £4.263 million. The £0.775 million difference in reported breakeven is due to the impact of consumables donated by DHSC for clinical supplies and services as part of the response to the Covid pandemic.

The 2019/20 difference of £19.666 million above relates to the accounting for the employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. For 2019/20, NHS providers continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts however the income and pay costs reported to Board reflect only the amount paid over by the Trust. For 2020/21 the impact was included in the pay costs reported to Trust Board and therefore does not show as a variance.

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.4

Note 3.1 Income from patient care activities (by nature)	2020/21 £000	2019/20 Restated £000
Acute services		
Block contract / system envelope income*	669,833	635,654
High cost drugs income from commissioners (excluding pass-through costs)	71,749	60,814
Other NHS clinical income	2,655	3,962
All services		
Private patient income	667	1,477
Additional pension contribution central funding**	21,071	19,666
Other clinical income ***	11,317	1,706
Total income from activities	**777,292**	**723,279**

*As part of the coronavirus pandemic response, transaction flows were simplified in the NHS and providers and their commissioners moved onto block contract payments at the start of 2020/21. In the second half of the year, a revised financial framework built on these arrangements but with a greater focus on system partnership and providers derived most of their income from these system envelopes.

Comparatives in this note are presented to be comparable with the current year activity. This does not reflect the contracting and payment mechanisms in place during the prior year. The table below shows a reconciliation between the 2019/20 financial statements to the revised comparative.

	2019/20 £000	2019/20 Restated £000
Elective income	120,513	
Non elective income	232,355	
First outpatient income	38,741	
Follow up outpatient income	30,847	
A & E income	27,780	
Block/system envelope income equivalent restated		450,236
Re-classification of other NHS clinical income**		185,418
Total Block contract / system envelope income		**635,654**
** Other NHS clinical income as previously reported	**189,380**	**3,962**

The restatement re-classifies £185.418 million of income previously shown as Other NHS Clinical Income into block contract income to reflect a more accurate year on year comparison. The reclassification relates to income outside of the previous classifications (elective, non elective etc) such as critical care or chemotherapy treatment income which would have been part of the SLA income included in the block arrangement for 2020/21.

**The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. Since 2019/20, NHS providers have continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

*** Other clinical income includes income received from NHS England of £10.306 million in relation to the annual leave accrual increase and £1.011 million in relation to the Flowers case corrective funding payments.

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	2020/21 £000	2019/20 £000
NHS England	272,792	251,295
Clinical commissioning groups	492,796	458,098
Other NHS providers	1	-
NHS other	82	184
Non-NHS: private patients	667	1,477
Non-NHS: overseas patients (chargeable to patient)	484	358
Injury cost recovery scheme	2,088	3,420
Non NHS: other	8,382	8,447
Total income from activities	**777,292**	**723,279**

Income from NHS England includes £21.071 million in respect of central funding of additional pension contributions, £10.306 million in relation to the annual leave accrual increase and £1.011 million in relation to the Flowers case corrective funding payments.

Other non NHS revenue mainly relates to income received from NHS bodies within Wales which are classified as non NHS as such bodies are outside NHS England.

Note 3.3 Overseas visitors (relating to patients charged directly by the provider)

	2020/21 £000	2019/20 £000
Income recognised this year	484	358
Cash payments received in-year	67	157
Amounts added to provision for impairment of receivables	657	165
Amounts written off in-year	-	295

Note 4 Other operating income

	2020/21			2019/20		
	Contract income £000	Non-contract income £000	Total £000	Contract income £000	Non-contract income £000	Total £000
Research and development	2,598	-	**2,598**	3,497	-	**3,497**
Education and training	24,760	2,183	**26,943**	25,708	942	**26,650**
Non-patient care services to other bodies	20,365		**20,365**	15,138		**15,138**
Provider sustainability fund (2019/20 only)			**-**	15,851		**15,851**
Financial recovery fund (2019/20 only)			**-**	11,917		**11,917**
Marginal rate emergency tariff funding (2019/20 only)			**-**	4,232		**4,232**
Reimbursement and top up funding	47,261		**47,261**			**-**
Receipt of capital grants and donations **		4,263	**4,263**		901	**901**
Contributions to expenditure - consumables (inventory) donated from DHSC group bodies for COVID response		16,285	**16,285**		-	**-**
Charitable and other contributions to expenditure		210	**210**		356	**356**
Support from the Department of Health and Social Care for mergers *		4,950	**4,950**		9,900	**9,900**
Rental revenue from operating leases		913	**913**		1,173	**1,173**
Other income ***	6,596	7,400	**13,996**	12,842	14,900	**27,742**
Total other operating income	**101,580**	**36,204**	**137,784**	**89,185**	**28,172**	**117,357**

* Support from the Department of Health and Social Care for mergers relates to additional income received as transitional support for the Mid Staffordshire NHS Foundation Trust integration. The funding received is £4.950 million from the DHSC for months 7-12.

** Receipt of capital grants and donations includes £1.263 million for Donated equipment from DHSC for COVID response.

***Other non-contract operating incomes relates to funding received of £7.400 million from NHS England for deficit funding for months 7-12 of 2020/21 (£14.900 million in 2019/20).

Breakdown of reimbursement and top up funding	2020/21	2019/20
	£000	£000
Block projected top up (M1 - M6)	12,226	-
Retrospective top up (M1 - M6) - validated	25,394	-
Reimbursement top up (M7 - M12) - validated	1,908	-
Reimbursement top up (M7 - M12) - unvalidated	163	-
Specific scheme funding - NHSE	140	-
Specific scheme funding - DHSC	5	-
M7-M12 financial regime additional income	7,425	-
Total reimbursement and top up funding	47,261	-

Analysis of Other Contract Income	2020/21	2019/20
	£000	£000
Car Parking income	174	3,860
Catering	205	160
Pharmacy sales	58	59
Staff accommodation rental	588	552
Contribution to the costs of the modular theatre and wards	663	2,290
Clinical Excellence Awards	221	-
Other income not identified above	4,687	5,921
Total	6,596	12,842

Note 5.1 Additional information on contract revenue (IFRS 15) recognised in the period

	2020/21 £000	2019/20 £000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	-	904

Note 5.2 Transaction price allocated to remaining performance obligations

Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:	31 March 2021 £000	31 March 2020 £000
within one year	-	6,153
Total revenue allocated to remaining performance obligations	**-**	**6,153**

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

The £6.153 million at 31st March 2020 was in relation to the accrual for patient care for partially completed spells. As a result of the block funding mechanism put in place for NHS Trusts during 2020/21 in response the Covid-19 pandemic, the requirement for this accrual was removed.

Note 5.3 Fees and charges

HM Treasury requires disclosure of fees and charges income. The following disclosure is of income from charges to service users where income from that service exceeds £1 million and is presented as the aggregate of such income. The cost associated with the service that generated the income is also disclosed.

	2020/21 £000	2019/20 £000
Income	174	3,860
Full cost	(2,324)	(2,432)
Surplus / (deficit)	**(2,150)**	**1,428**

Note 6.1 Operating expenses

	2020/21 £000	2019/20 £000
Purchase of healthcare from NHS and DHSC bodies	9,888	9,286
Purchase of healthcare from non-NHS and non-DHSC bodies	2,259	3,546
Staff and executive directors costs	550,687	501,159
Remuneration of non-executive directors	154	121
Supplies and services - clinical (excluding drugs costs)	76,452	71,684
Supplies and services - general	6,945	7,800
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	94,558	82,775
Inventories written down	828	373
Consultancy costs	827	3,364
Establishment	4,407	5,359
Premises	27,552	26,107
Transport (including patient travel)	3,954	3,786
Depreciation on property, plant and equipment	24,343	23,914
Amortisation on intangible assets	5,841	4,605
Net impairments	15	15,057
Movement in credit loss allowance: contract receivables / contract assets	820	383
Audit fees payable to the external auditor		
audit services- statutory audit	112	108
Internal audit costs	180	233
Clinical negligence	22,991	20,597
Legal fees	349	227
Insurance	84	134
Research and development	2,533	2,810
Education and training	2,985	2,413
Rentals under operating leases	1,077	4,377
Charges to operating expenditure for on-SoFP PFI IFRIC 12 schemes	39,418	34,091
Car parking & security	794	723
Hospitality	20	45
Other services, e.g. external payroll	562	-
Other	888	1,535
Total	**881,523**	**826,612**

Impact of Covid-19

The Trust has been required to report the impact of Covid on expenditure to NHS England and NHS Improvement on a monthly basis throughout 2020/21.

For the second half of 2020/21 the reporting of costs associated with COVID was split into items to be funded from within a system's fixed funding envelope (inside envelope) and items funded through a national funding route (outside envelope); with the exception of costs relating to virus testing and the vaccination programme all costs for UHNM were inside envelope

For staff costs above, the Trust has incurred £11.528 million costs within envelope and £0.401 million outside of envelope.

For operating expenditure (excluding staff costs and included within the heading above), £9.745 million costs have been incurred by the Trust . This is split between £8.075 million classified as within envelope and £1.670 million outside envelope.

In addition the Trust received consumables donated by DHSC of £16.280 million for clinical supplies and services as part of the response to the Covid pandemic. Of this £15.215 million was issued and is shown within supplies and services clinical expenditure and £0.290 million is included within inventories written down. The remaining £0.775 million is held within inventories at the balance sheet date.

Note 6.2 Other auditors remuneration and limitation on auditor's liability

Due to the impact of COVID-19 it has been mandated that there will not be an audit of quality accounts in either 2019/20 or 2020/21, therefore no fees are required to be disclosed.

The limitation on auditor's liability for external audit work is £2 million (2019/20: £2 million).

Note 7 Impairment of assets

	2020/21 £000	2019/20 £000
Net impairments charged to operating surplus / deficit resulting from:		
Unforeseen obsolescence	-	30
Changes in market price	(2,085)	15,027
Other	2,100	-
Total net impairments charged to operating surplus / deficit	**15**	**15,057**
Total net impairments	**15**	**15,057**

The reversal of impairments of £2.085 million relate to the impact of the interim valuation of the Trusts land and building assets at 31 March 2021. The reversal of impairments are due to an increase in the valuation of assets, where there has been a previous reduction in value that has been charged to the SOCI. The increase in value of building assets is due to an increase in price indices and the location factor for Staffordshire shown in the latest valuation provided by the external valuer.

The other impairment of £2.100 million relates to the Trust's assessment of the fair value of the Royal Infirmary site at 31 March 2021 and set out in the critical judgement. The impairment reflects the assessment of the impact of £6.325 million demolition works carried out in 2020/21 in relation to the fair value of the land. When all demolition work has been completed a fair value of the Royal Infirmary site will be carried out. If the fair value is higher than the carrying value at this time the impairment will be reversed up to the point that the carrying value matches the fair valuation provided on the balance sheet.

Note 8 Employee benefits

	2020/21 Total £000	2019/20 Total £000
Salaries and wages	425,979	383,994
Social security costs	39,437	35,858
Apprenticeship levy	2,003	1,844
Employer's contributions to NHS pensions	69,317	64,491
Pension cost - other	108	93
Temporary staff (including agency)	17,295	18,385
Total gross staff costs	**554,139**	**504,665**
Recoveries in respect of seconded staff	-	-
Total staff costs	**554,139**	**504,665**
Of which		
Costs capitalised as part of assets	919	696

The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. For 2019/20 and 2020/21, NHS providers continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts and the increase included above for this change is £21.071 million in 2020/21 and £19.666 million in 2019/20.

The employee benefit costs above include an annual leave accrual of £15.553 million in 2020/21. The Trust has a policy to require employees to take annual leave within the financial year, however due to the exceptional circumstances of the Covid pandemic and in line with guidance from NHS England and NHS Improvement employees have been allowed to carry forward annual leave in to 2021/22.

As detailed in note 6, the employee benefits costs above include £11.929 million identified as being costs associated with the Covid pandemic and reported to NHS England and NHS Improvement on a monthly basis.

Note 8.1 Retirements due to ill-health

During 2020/21 there were 5 early retirements from the trust agreed on the grounds of ill-health (2 in the year ended 31 March 2020). The estimated additional pension liabilities of these ill-health retirements is £283k (£191k in 2019/20).

These estimated costs are calculated on an average basis and will be borne by the NHS Pension Scheme.

Note 9 Pension costs

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

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

a) Accounting valuation

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

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

b) Full actuarial (funding) valuation

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

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

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

Note 10 Operating leases

Note 10.1 University Hospitals of North Midlands NHS Trust as a lessor

This note discloses income generated in operating lease agreements where University Hospitals of North Midlands NHS Trust is the lessor.

The Trust receives rental income from commercial retail outlets within the Hospital reception areas and from rental of buildings owned by the Trust.

	2020/21 £000	2019/20 £000
Operating lease revenue		
Minimum lease receipts	913	1,173
Total	**913**	**1,173**

	31 March 2021 £000	31 March 2020 £000
Future minimum lease receipts due:		
- not later than one year;	439	473
- later than one year and not later than five years;	981	1,086
- later than five years.	429	473
Total	**1,849**	**2,032**

Note 10.2 University Hospitals of North Midlands NHS Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where University Hospitals of North Midlands NHS Trust is the lessee.

As part of the preparation for the implementation of IFRS 16 the Trust continues to examine items of expenditure that could be classed as leases. The operating lease disclosure note incorporates buildings (including some staff accommodation), equipment, vehicles and community room hire. The remaining terms of these leases vary significantly from a few months to several years. Where formal lease arrangements are not in place (e.g. for community rooms) an estimate has been made. All values included in the accounts are calculated on the remaining lease term at the current monthly lease payment.

	2020/21 £000	2019/20 £000
Operating lease expense		
Minimum lease payments	1,077	4,377
Total	**1,077**	**4,377**

	31 March 2021 £000	31 March 2020 £000
Future minimum lease payments due:		
- not later than one year;	1,743	2,409
- later than one year and not later than five years;	5,914	5,597
- later than five years.	910	1,055
Total	**8,567**	**9,061**

Of the future minimum lease payments of £8.567 million (£9.061 million 2019/20), £4.057 million relate to lease payments relating to buildings (£5.516 million 2019/20) and £4.510 million to other leases (£3.545m 2019/20).

Note 11 Finance income

Finance income represents interest received on assets and investments in the period.

	2020/21 £000	2019/20 £000
Interest on bank accounts	13	299
Other finance income	86	-
Total finance income	**99**	**299**

Note 12.1 Finance expenditure

Finance expenditure represents interest and other charges involved in the borrowing of money or asset financing.

	2020/21 £000	2019/20 £000
Interest expense:		
Loans from the Department of Health and Social Care	-	7,782
Finance leases	91	121
Main finance costs on PFI schemes obligations	7,401	7,664
Contingent finance costs on PFI scheme obligations	9,639	8,623
Total interest expense	**17,131**	**24,190**
Total finance costs	**17,131**	**24,190**

The interest expense from DHSC loans in 2019/20 was due to revenue cash borrowing using the Department of Health's Uncommitted Single Currency Interim Revenue Support Facility Agreement. The total borrowing at 31 March 2020 was £195.909 million. The interest rate paid by the Trust on this borrowing was between 1.5% and 6% in 2019/20. The Trust had interim capital borrowing of £1.500 million at 31 March 2020.

The Trust has not incurred any interest expense in respect of these loans in 2020/21 due to the replacement of DHSC interim revenue and capital loans as at 1st April 2020 with the issues of Public Dividend Capital.

Note 12.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2020/21 £000	2019/20 £000
Compensation paid to cover debt recovery costs under this legislation	-	2

Note 13 Other gains / (losses)

	2020/21 £000	2019/20 £000
Gains on disposal of assets	71	40
Total gains / (losses) on disposal of assets	**71**	**40**
Total other gains / (losses)	**71**	**40**

Note 14 Intangible assets - 2020/21

	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2020 - brought forward	**45,766**	**780**	**46,546**
Additions	2,604	1,316	**3,920**
Reclassifications	428	(179)	**249**
Valuation / gross cost at 31 March 2021	**48,798**	**1,917**	**50,715**
Amortisation at 1 April 2020 - brought forward	**22,057**	-	**22,057**
Provided during the year	5,841	-	**5,841**
Amortisation at 31 March 2021	**27,898**	-	**27,898**
Net book value at 31 March 2021	**20,900**	**1,917**	**22,817**
Net book value at 1 April 2020	**23,709**	**780**	**24,489**

Information and technology assets are the only category of intangible asset held by the Trust.

Intangible assets are not subject to a formal revaluation as amortised historic cost is deemed to be a reasonable proxy for fair value. In previous years the Trust has re-assessed the on-going benefit to the Trust of the health records intangible asset and accounted for this as a revaluation.

For 2020/21 the Trust has assessed that there have not been any changes to the on-going benefit to the Trust of these assets and therefore there have been no revaluation or impairment entries.

Note 14.1 Intangible assets - 2019/20

	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2019 - as previously stated	**39,826**	**102**	**39,928**
Additions	6,468	690	**7,158**
Reclassifications	(528)	(12)	**(540)**
Valuation / gross cost at 31 March 2020	**45,766**	**780**	**46,546**
Amortisation at 1 April 2019 - as previously stated	**17,822**	-	**17,822**
Provided during the year	4,605	-	**4,605**
Reclassifications	(370)	-	**(370)**
Amortisation at 31 March 2020	**22,057**	-	**22,057**
Net book value at 31 March 2020	**23,709**	**780**	**24,489**
Net book value at 1 April 2019	**22,004**	**102**	**22,106**

Note 15.1 Property, plant and equipment - 2020/21

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2020 - brought forward - restated	**14,260**	**417,538**	**2,093**	**3,390**	**129,885**	**701**	**19,207**	**8,982**	**596,056**
Additions	11,675	21,340	-	5,896	10,472	-	1,290	123	**50,796**
Impairments	(2,100)	(1,071)	-	-	-	-	-	-	**(3,171)**
Reversals of impairments	-	8,226	-	-	-	-	-	-	**8,226**
Revaluations	-	(10,268)	62	-	-	-	-	-	**(10,206)**
Reclassifications	-	1,957	-	(3,329)	1,030	-	83	10	**(249)**
Disposals / derecognition	-	-	-	-	(3,385)	-	-	-	**(3,385)**
Valuation/gross cost at 31 March 2021	**23,835**	**437,722**	**2,155**	**5,957**	**138,002**	**701**	**20,580**	**9,115**	**638,067**
Accumulated depreciation at 1 April 2020 - brought forward	-	-	-	-	**77,917**	**701**	**11,687**	**6,682**	**96,987**
Provided during the year	-	11,106	36	-	10,265	-	2,574	362	**24,343**
Impairments	-	(156)	-	-	-	-	-	-	**(156)**
Reversals of impairments	-	5,226	-	-	-	-	-	-	**5,226**
Revaluations	-	(16,176)	(36)	-	-	-	-	-	**(16,212)**
Disposals / derecognition	-	-	-	-	(3,361)	-	-	-	**(3,361)**
Accumulated depreciation at 31 March 2021	-	-	-	-	**84,821**	**701**	**14,261**	**7,044**	**106,827**
Net book value at 31 March 2021	**23,835**	**437,722**	**2,155**	**5,957**	**53,181**	-	**6,319**	**2,071**	**531,240**
Net book value at 1 April 2020	**14,260**	**417,538**	**2,093**	**3,390**	**51,968**	-	**7,520**	**2,300**	**499,069**

Included within the land value of £23.865 million is;

- land valued at £14.160 million by the external valuer as part of the MEA single site and land at Sharman Close;
- land at Grindley Hill Court purchased by the Trust on 25 March 2021. At the balance sheet date the land is held at the purchase price of £5.350 million as a proxy for current value; and

- land at the Royal Infirmary site £4.355 million. The Trust has deemed the Royal Infirmary site should be accounted for as a surplus asset following an assessment under Para 4.108 of the GAM. In line with the GAM the land will be valued on the basis of Fair value in accordance with IFRS 13 – highest and best use. The Trust's judgement is that it will receive a significant economic benefit from the Royal Infirmary land when the demolition works are complete, the total cost of this demolition work is currently anticipated to be £8.500 million, with this benefit being in the form of a capital receipt from the sale of the land.

Expenditure of £6.325 million has been carried out on demolition in 2020/21 and the Trust's judgement is that this meets the definition of capital expenditure under IAS16 and that this expenditure should be added to the cost of the asset. At 31st March 2021 the Trust has reviewed the carrying value of the Royal Infirmary land and an impairment of £2.100 million has been charged to the SOCI and the carrying value at the balance sheet date is £4.355 million.

Note 15.2 Property, plant and equipment - 2019/20

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2019 - as previously stated	**14,260**	**424,078**	**2,093**	**3,931**	**133,193**	**701**	**29,805**	**8,953**	**617,014**
Additions	-	5,154	-	3,208	10,335	-	1,048	21	**19,766**
Impairments	-	(20,313)	-	-	(83)	-	-	-	**(20,396)**
Reversals of impairments	-	151	-	-	-	-	-	-	**151**
Revaluations	-	8,033	-	-	-	-	-	-	**8,033**
Reclassifications	-	435	-	(3,749)	2,271	-	1,575	8	**540**
Disposals / derecognition	-	-	-	-	(15,831)	-	(13,221)	-	**(29,052)**
Valuation/gross cost at 31 March 2020 - restated	**14,260**	**417,538**	**2,093**	**3,390**	**129,885**	**701**	**19,207**	**8,982**	**596,056**
Accumulated depreciation at 1 April 2019 - as previously stated	-	-	-	-	**84,398**	**701**	**21,559**	**6,314**	**112,972**
Provided during the year	-	11,129	35	-	9,403	-	2,979	368	**23,914**
Impairments	-	(5,085)	-	-	(53)	-	-	-	**(5,138)**
Reversals of impairments	-	(50)	-	-	-	-	-	-	**(50)**
Revaluations	-	(5,994)	(35)	-	-	-	-	-	**(6,029)**
Reclassifications	-	-	-	-	-	-	370	-	**370**
Disposals / derecognition	-	-	-	-	(15,831)	-	(13,221)	-	**(29,052)**
Accumulated depreciation at 31 March 2020	-	-	-	-	**77,917**	**701**	**11,687**	**6,682**	**96,987**
Net book value at 31 March 2020 - restated	**14,260**	**417,538**	**2,093**	**3,390**	**51,968**	**-**	**7,520**	**2,300**	**499,069**
Net book value at 1 April 2019	**14,260**	**424,078**	**2,093**	**3,931**	**48,795**	**-**	**8,246**	**2,639**	**504,042**

Note 15.3 Property, plant and equipment financing - 2020/21

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2021									
Owned - purchased	23,835	216,047	-	5,816	37,447	-	4,585	2,037	**289,767**
Finance leased	-	-	2,155	-	730	-	-	-	**2,885**
On-SoFP PFI contracts	-	218,573	-	-	9,687	-	1,157	-	**229,417**
Owned - donated/granted	-	3,102	-	141	5,317	-	577	34	**9,171**
NBV total at 31 March 2021	**23,835**	**437,722**	**2,155**	**5,957**	**53,181**	**-**	**6,319**	**2,071**	**531,240**

Note 15.4 Property, plant and equipment financing - 2019/20

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020 restated									
Owned - purchased	14,260	202,062	-	2,309	37,157	-	5,827	2,272	**263,887**
Finance leased	-	-	2,093	-	1,040	-	-	-	**3,133**
On-SoFP PFI contracts	-	212,535	-	853	9,990	-	1,645	-	**225,023**
Owned - donated/granted	-	2,941	-	228	3,781	-	48	28	**7,026**
NBV total at 31 March 2020 - restated	**14,260**	**417,538**	**2,093**	**3,390**	**51,968**	**-**	**7,520**	**2,300**	**499,069**

Note 16 Donations of property, plant and equipment

The UHNM Charity donated £2.455 million (£0.753 million in 2019/20) of assets to the Trust in 2020/21 in respect of assets acquired in the financial year. The Trust has also acquired £0.602 million (£0.148 million in 2019/20) in respect of Government Granted assets.

In 2020/21 the Trust also received donated equipment of £1.206 million from DHSC as part of the COVID response.

Note 17 Revaluations of property, plant and equipment

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The valuation information at 31 March 2021 was carried out by a qualified independent from the District Valuation Service.

As set out in the accounting policies the Department of Health has adopted the Modern Equivalent Asset (MEA) approach for its DRC valuations rather than the previous identical replacement method. The MEA approach used to value the property will normally be based on the cost of a modern equivalent asset that has the same service potential as the existing asset and then adjusted to take account of obsolescence.

Functional obsolescence examines a building's design or specification and whether it may no longer fulfil the function for which it was originally designed or whether it may be much more basic than the MEA. The asset will still be capable of use but at a lower level of efficiency than the MEA, or may be capable of modification to bring it up to a current specification. Other common causes of functional obsolescence include advances in technology or legislative change. The obsolescence adjustment will reflect either the cost of upgrading, or if this is not possible, the financial consequences of the reduced efficiency compared with the modern equivalent.

The MEA approach incorporates the Building Cost Information Service Index to determine an increase or decrease in building costs which impact on the asset valuation. The Trust's land and building valuation was carried out by the Trust's current valuer DVS, on a MEA "Optimised Alternative Site" method valuation.

The valuation has been undertaken having regard to IFRS as applied to the UK public sector and in accordance with HM Treasury guidance.

All land and buildings are restated to current value using independent professional valuations in accordance with IAS16 at least every five years, with interim revaluations carried out annually also by independent professional valuers. The full asset valuation includes a full site inspection by the professional valuer whilst interim valuations only include a site inspection where deemed necessary due to significant changes in the year. The last full asset valuations were undertaken at the prospective valuation date at 1 April 2016 which included a site visit in early 2016.

The Trust was required to carry out a full valuation of land and building assets at 31 March 2021 in line with the approved accounting policies. A full asset valuation requires a full site inspection by the external valuer. As a result of the Covid-19 pandemic it was the view of the Trust and the external valuer that a full site inspection was not practical and would not be appropriate in line with the restrictions on travel in early 2021.

The value of land, buildings and dwelling assets provided by the valuer at 31 March 2021 was £453.786 million and is reflected in note 15.1. This reflects an increase of £36.313 million from the previous desk top valuation at 31 March 2020, of which £16.068 million is accounted for as a prior period adjustment see note 1.26 due to the increase in the floor area for the PFI ward and hub assets. The remaining increase in valuation reflects an increase in the location factor applied relating to the Staffordshire area and a small increase in the building price indices.

Note 15.1 sets out the how land owned by the Trust has been valued at 31 March 2021. For buildings there is a difference of £0.250 million between the external valuation and the carrying value. This relates to valuation of Wilfred Place which is valued separately to the asset valuation as it was anticipated that this would be sold by 31 March 2021. The sale was delayed due to the COVID-19 outbreak but is being completed in June 2021.

The valuation was carried out with a valuation date of 31 March 2021. The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11 March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied to varying degrees and to reflect further "waves" of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. The Trust's independent valuer has reported that the valuation provided is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

The useful economic life of an asset is determined individually for each asset, but generally falls within the following range:

	Min Life Years	Max Life Years
Buildings	15	80
Dwellings	20	80
Plant & Machinery	5	15
Transport Equipment	4	7
Information Technology	3	10
Furniture & Fittings	5	15

The asset life relating to buildings and dwellings are provided as part of the independent valuation of the Trusts assets by the external valuer.

The Trust leases two buildings which are used for medical education to Keele University. The following values within the property, plant and equipment and expense disclosures relate to these buildings:

	2020/21 £000	2019/20 £000
Gross carrying amount	15,549	16,205
Additions	298	0
Depreciation in period	(484)	(491)
Revaluation/(impairment)	384	(165)
Net Book Value	**15,747**	**15,549**

Note 18 Inventories

	31 March 2021 £000	31 March 2020 £000
Drugs	4,396	4,880
Consumables	10,479	8,252
Energy	144	136
Total inventories	**15,019**	**13,268**

Inventories recognised in expenses for the year were £173,141k (2019/20: £157,195k). Write-down of inventories recognised as expenses for the year were £828k (2019/20: £373k).

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2020/21 the Trust received £16,280k of items purchased by DHSC.
The utilisation of £15.215 million of these items is included in the expenses disclosed above and £0.290 million is included within inventories written down. The remaining £0.775 million is held within inventories at the balance sheet date.

The Trust is satisfied that it's inventory balance of £15.019 million is presented fairly in all material respects. The Trust has an inventory policy that sets out the required frequency of inventory counts along with the procedure for carrying out a inventory counts and the documentation to be completed, including sign off of the inventory count. At 31 March 2021 the Trust has been able to carry out all required inventory counts and the auditors were able to attend relevant inventory counts to complete the procedures in line with auditing standards.

For 2019/20 financial year
In the financial statements at 31 March 2020, as a result of the restrictions in movement set out in response to the Covid-19 pandemic in March 2020, the Trust's auditor was unable to attend all of the relevant year end inventory counts. The Trust was unable to perform all of the required inventory counts and the auditor was unable to gain sufficient audit evidence from alternative procedures. The auditor was therefore unable to complete the procedures required by auditing standards, and was required to issue a qualified opinion. The auditors opinion on the financial statement remained unmodified in all other respects.

Note 19.1 Receivables

	31 March 2021 £000	31 March 2020 £000
Current		
Contract receivables	37,409	45,496
Allowance for impaired contract receivables / assets	(3,437)	(2,620)
Prepayments (non-PFI)	9,248	5,038
PDC dividend receivable	1,036	-
VAT receivable	3,154	1,707
Total current receivables	**47,410**	**49,621**
Non-current		
Other receivables	452	385
Total non-current receivables	**452**	**385**
Of which receivable from NHS and DHSC group bodies:		
Current	24,470	29,301
Non-current	452	385

Following the application of IFRS 15 from 1 April 2018, the Trust's entitlements to consideration for work performed under contracts with customers are shown separately as contract receivables and contract assets. This replaces the previous analysis into trade receivables and accrued income.

Note 19.2 Allowances for credit losses

	2020/21		2019/20	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 April - brought forward	**2,620**	**-**	**2,742**	**-**
New allowances arising	629	-	383	-
Changes in existing allowances	524	-	-	-
Reversals of allowances	(333)	-	-	-
Utilisation of allowances (write offs)	(3)	-	(505)	-
Allowances as at 31 March	**3,437**	**-**	**2,620**	**-**

In line with IFRS 9 the Trust has reviewed the likelihood non receipt of income for, overseas patients, private patients, payroll reclaims and other commercial income and has agreed the probability to use for the recognition of doubtful debts. For RTA accruals the Trust has used the prescribed rate of 22.43% (21.79% in 2019/20). The Trust's management considers that this is a reasonable estimate of the value of asset.

The increase or decrease for allowance for credit losses is reviewed on a monthly basis and increased or decreased dependent upon the Trusts view receivables deemed to be potentially at risk of being collected in full.

Note 19.3 Exposure to credit risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposure as at 31 March 2021 are in receivables from customers, as disclosed in the trade and other receivables note.

Note 20.1 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	2020/21 £000	2019/20 £000
At 1 April	**26,743**	**8,389**
Net change in year	29,040	18,354
At 31 March	**55,783**	**26,743**
Broken down into:		
Cash at commercial banks and in hand	6	6
Cash with the Government Banking Service	55,777	26,737
Total cash and cash equivalents as in SoFP	**55,783**	**26,743**
Total cash and cash equivalents as in SoCF	**55,783**	**26,743**

Note 20.2 Third party assets held by the trust

University Hospitals of North Midlands NHS Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties and in which the trust has no beneficial interest. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2021 £000	31 March 2020 £000
Bank balances	10	7
Total third party assets	**10**	**7**

Note 21.1 Trade and other payables

	31 March 2021 £000	31 March 2020 £000
Current		
Trade payables	1,636	11,881
Capital payables	12,672	4,529
Accruals	55,493	33,344
Social security costs	11,737	10,517
Other payables	9,146	8,913
Total current trade and other payables	**90,684**	**69,184**

The total for accruals above include an annual leave accrual of £15.553 million in 2020/21. The Trust has a policy to require employees to take annual leave within the financial year, however due to the exceptional circumstances of the Covid pandemic and in line with guidance from NHS England and NHS Improvement employees have been allowed to carry forward annual leave in to 2021/22.

Included within other payables is £6.946 million (£6.292 million in 2019/20) in relation to outstanding pension contributions at the year end.

Of which payables to NHS and DHSC group bodies:		
Current	3,139	14,807
Non-current	-	-

Loans are measured at amortised cost. As a result the accrued interest for DHSC interim revenue and capital loans is now included in the carrying value of the loan at note 23 (for 2019/20 comparatives only).

Note 22 Other liabilities

	31 March 2021 £000	31 March 2020 £000
Current		
Deferred income: contract liabilities	7,828	5,609
Total other current liabilities	**7,828**	**5,609**

Note 23.1 Borrowings

	31 March 2021 £000	31 March 2020 £000
Current		
Loans from DHSC	-	197,409
Other loans	-	16
Obligations under finance leases	623	521
Obligations under PFI, LIFT or other service concession contracts	7,681	10,040
Total current borrowings	**8,304**	**207,986**
Non-current		
Obligations under finance leases	1,831	1,383
Obligations under PFI, LIFT or other service concession contracts	266,717	275,185
Total non-current borrowings	**268,548**	**276,568**

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement (NHSEI) 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 were extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. For UHNM this resulted in the repayment of loans and issue of Public Dividend Capital of £196.053 million.

Note 23.2 Reconciliation of liabilities arising from financing activities - 2020/21

	Loans from DHSC	Other loans	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April 2020	**197,409**	**16**	**1,904**	**285,225**	**484,554**
Cash movements:					
Financing cash flows - payments and receipts of principal	(196,093)	(16)	(555)	(10,843)	**(207,507)**
Financing cash flows - payments of interest	(1,316)	-	(91)	(7,401)	**(8,808)**
Non-cash movements:					
Additions	-	-	1,105	-	**1,105**
Application of effective interest rate	-	-	91	7,401	**7,492**
Other changes	-	-	-	16	**16**
Carrying value at 31 March 2021	**-**	**-**	**2,454**	**274,398**	**276,852**

Note 23.3 Reconciliation of liabilities arising from financing activities - 2019/20

	Loans from DHSC	Other loans	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April 2019	**187,901**	**310**	**2,271**	**294,931**	**485,413**
Cash movements:					
Financing cash flows - payments and receipts of principal	9,422	(294)	(503)	(9,706)	**(1,081)**
Financing cash flows - payments of interest	(7,561)	-	(121)	(7,664)	**(15,346)**
Non-cash movements:					
Additions	-	-	136	-	**136**
Application of effective interest rate	7,647	-	121	7,664	**15,432**
Carrying value at 31 March 2020	**197,409**	**16**	**1,904**	**285,225**	**484,554**

Note 24 Finance leases

Note 24.1 University Hospitals of North Midlands NHS Trust as a lessor

The Trust has no finance leases where it acts as lessor.

Note 24.1 University Hospitals of North Midlands NHS Trust as a lessee

Obligations under finance leases where the trust is the lessee.

	31 March 2021 £000	31 March 2020 £000
Gross lease liabilities	**2,639**	**2,106**
of which liabilities are due:		
- not later than one year;	696	605
- later than one year and not later than five years;	1,322	1,323
- later than five years.	621	178
Finance charges allocated to future periods	(185)	(202)
Net lease liabilities	**2,454**	**1,904**
of which payable:		
- not later than one year;	623	521
- later than one year and not later than five years;	1,230	1,245
- later than five years.	601	138

The lease liability in the Trust's Statement of Financial Position is £2.454 million split between £0.623 million due in less than one year and £1.831 million due in more than one year.

The Trust has a finance lease for one building. The final repayment will be made in 2025.

In relation to property the liability represents the sum of the rental payments due in respect of the property (£0.843 million) less the element deemed to be interest (£0.067 million) which is recognised as an expense in the year that the payment is made.

The Trust has finance leases for pathology equipment and printers. The final repayments will be made in 2022.

In relation to these leases the liability represents the sum of the rental payments due in respect of the equipment (£1.796 million) less the element deemed to be interest (£0.118 million) which is recognised as an expense in the year that the payment is made.

Note 25.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Legal claims	Equal Pay (including Agenda for Change)	Redundancy	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2020	**860**	**336**	**835**	**1,283**	**4,548**	**7,862**
Arising during the year	-	164	-	-	1,133	**1,297**
Utilised during the year	(99)	-	-	(425)	-	**(524)**
Reversed unused	-	-	-	-	(2,813)	**(2,813)**
At 31 March 2021	**761**	**500**	**835**	**858**	**2,868**	**5,822**
Expected timing of cash flows:						
- not later than one year;	90	500	835	858	**1,350**	**3,633**
- later than one year and not later than five years;	671	-	-	-	**1,518**	**2,189**
Total	**761**	**500**	**835**	**858**	**2,868**	**5,822**

The Trust has provided £0.761 million (2019-20: £0.860 million) in respect of post employment pension obligations for twenty three former employees.

The Trust has provided £0.500 million (2019-20: £0.336 million) in respect of legal cases. Of this £0.291 million relates to current employment legal cases and £0.209 million relates to the insurance excess on public and employer liability cases being administered by the NHS Litigation Authority. In all cases the timing and the value of the payments are uncertain and the Trust has provided based on the advice provided by legal advisors and the NHS Litigation Authority.

The Trust has provided £3.703 million (2019-20: £5.383 million) in respect of additional costs in relation to income, pay and operating costs where the Trust has deemed there to be a risk and a qualifying providing event which is likely to result in the Trust incurring future cash outflows as a result of past events. These are classified under Equal Pay and Other.

The Trust has provided £0.858 million (2019-20: £1.283 million) in respect of redundancy costs.

Note 25.2 Clinical negligence liabilities

At 31 March 2021, £338,118k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of University Hospitals of North Midlands NHS Trust (31 March 2020: £309,556k).

Note 26 Contingent assets and liabilities

	31 March 2021 £000	31 March 2020 £000
Value of contingent liabilities		
Other	(67)	(111)
Gross value of contingent liabilities	**(67)**	**(111)**
Net value of contingent liabilities	**(67)**	**(111)**

The above relates to the member contingent liability relating to the excess due on clinical negligence cases covered by the NHS Litigation Authority.

Note 27 Contractual capital commitments

	31 March 2021 £000	31 March 2020 £000
Property, plant and equipment	1,962	648
Intangible assets	62	1,312
Total	**2,024**	**1,960**

The property, plant and equipment capital commitments relate to £1.296 million for a number of on-going estates projects such as the Royal Infirmary demolition project and £0.636 million in relation to digital pathology.

The intangible assets capital commitments relate mainly to the Pathology Laboratory Information Management System scheme for pre-commitments with the supplier.

Note 28 On-SoFP PFI service concession arrangements

The scheme covers the redevelopment of the Royal Stoke (formerly City General) site, facilities management services, PACS equipment, a managed equipment service and network and communications equipment

The Trust retains its existing estate at the Royal Stoke (formerly City General) site in addition to new buildings covered by the PFI scheme.

The main PFI contract ends in August 2044. A monthly unitary payment will be paid up to that point. Historically, bullet payments have been made to reduce the monthly unitary payment. The unitary payment is subject to annual increases in line with RPI. Services are subject to market testing every 7 years. The arrangement requires the operator to deliver services to the Trust in accordance with the service delivery specification. Non delivery of quality or performance can lead to a reduction in the service charge being paid by the Trust. The Trust retains step in rights should the contractor fail to meet minimum standards as set out within the contract. Under IFRIC 12 the asset is treated as an asset of the trust. The substance of the contract is that the trust has a financial lease and payments comprise 2 elements – imputed finance lease charges and service charges. Details of the imputed finance lease charges are included within the table below.

Note 28.1 On-SoFP PFI service concession arrangement obligations

The following obligations in respect of the PFI service concession arrangements are recognised in the statement of financial position:

	31 March 2021 £000	31 March 2020 £000
Gross PFI service concession liabilities	**370,006**	**388,234**
Of which liabilities are due		
- not later than one year;	14,782	17,439
- later than one year and not later than five years;	64,149	66,696
- later than five years.	291,075	304,099
Finance charges allocated to future periods	(95,608)	(103,009)
Net PFI service concession arrangement obligation	**274,398**	**285,225**
- not later than one year;	7,681	10,040
- later than one year and not later than five years;	38,285	39,791
- later than five years.	228,432	235,394

Note 28.2 Total on-SoFP PFI service concession arrangement commitments

Total future commitments under these on-SoFP schemes are as follows:

	31 March 2021 £000	31 March 2020 £000
Total future payments committed in respect of the PFI service concession arrangements	**2,047,525**	**2,106,986**
Of which payments are due:		
- not later than one year;	65,159	63,450
- later than one year and not later than five years;	277,377	270,066
- later than five years.	1,704,989	1,773,470

Of the total future commitments £129.388 million (2019/20 £131.304 million) are in relation to the lifecycle and equipment elements of PFI schemes.

The future obligations discloses the total payments the Trust is committed to paying in respect of the on SOFP PFI, the future payments are inflated at the inflation rate included within the operators model. The actual payments may change as they are based on actual inflation.

The future obligations disclosed are based on the judgement that a number of change orders where the operator provides additional equipment are likely to be required for the duration of the contract, however the Trust is only contractually committed for the specific period of each change order (generally 4 years).

Note 28.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	2020/21	2019/20
	£000	£000
Unitary payment payable to service concession operator	**69,217**	**64,260**
Consisting of:		
- Interest charge	7,401	7,664
- Repayment of balance sheet obligation	10,843	9,873
- Service element and other charges to operating expenditure	39,418	34,091
- Capital lifecycle maintenance	1,916	4,009
- Contingent rent	9,639	8,623
Total amount paid to service concession operator	**69,217**	**64,260**

Note 29 Financial instruments

Note 29.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Trust has with CCGs and the way those CCGs are financed, the NHS Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The NHS 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 Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk
The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Interest rate risk
The Trust may borrow from government for revenue financing subject to approval by NHS Improvement at rates set by the Department of Health (the lender).

Credit risk
Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2021 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk
The Trust's operating costs are incurred under contracts with CCGs, which are financed from resources voted annually by Parliament . The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

Note 29.2 Carrying values of financial assets
The carrying value of financial assets are shown in the table below:

Carrying values of financial assets as at 31 March 2021	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	33,972	-	-	**33,972**
Cash and cash equivalents	55,783	-	-	**55,783**
Total at 31 March 2021	**89,755**	**-**	**-**	**89,755**

Carrying values of financial assets as at 31 March 2020	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	42,876	-	-	**42,876**
Cash and cash equivalents	26,743	-	-	**26,743**
Total at 31 March 2020	**69,619**	**-**	**-**	**69,619**

The carrying value for financial assets in the table above are judged to be a reasonable approximation of the fair value.

Note 29.3 Carrying values of financial liabilities
The carrying value of financial liabilities are shown in the table below:

Carrying values of financial liabilities as at 31 March 2021	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Obligations under finance leases	2,454	-	**2,454**
Obligations under PFI, LIFT and other service concession contracts	274,398	-	**274,398**
Trade and other payables excluding non financial liabilities	56,275	-	**56,275**
Total at 31 March 2021	**333,127**	**-**	**333,127**

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	197,409	-	**197,409**
Obligations under finance leases	1,904	-	**1,904**
Obligations under PFI, LIFT and other service concession contracts	285,225	-	**285,225**
Other borrowings	16	-	**16**
Trade and other payables excluding non financial liabilities	52,301	-	**52,301**
Total at 31 March 2020	**536,855**	**-**	**536,855**

The carrying value for financial liabilities in the table above are judged to be a reasonable approximation of the fair value.

Note 29.4 Maturity of financial liabilities

The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs to the amounts recognised in the statement of financial position which are discounted to present value.

	31 March 2021 £000	31 March 2020 Restated £000
In one year or less	71,753	267,770
In more than one year but not more than five years	65,471	68,019
In more than five years	291,696	304,277
Total	**428,920**	**640,066**

There has been a restatement of prior year comparatives in the table above as the previous analysis was based on book values. However IFRS 7 requires this analysis to be based on undiscounted future contractual cash flow (ie gross liabilities including finance charges).

Note 29.5 Fair values of financial assets and liabilities

IFRS 7 requires the Trust to disclose the fair value of financial liabilities. The PFI scheme is a non-current Financial Liability where the fair value is likely to differ from the carrying value. The Trust has used the discount rate of 3.70% provided within the GAM in order to calculate the fair value of the liability. Based on the discount rate included in the GAM which it stipulates to be used in the calculation, the fair value of the liability would be £272.166 million (£282.928 million in 2019/20).

Note 30 Losses and special payments

	2020/21		2019/20	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Bad debts and claims abandoned	-	-	232	456
Stores losses and damage to property	3	592	4	365
Total losses	**3**	**592**	**236**	**821**
Special payments				
Compensation under court order or legally binding arbitration award	-	-	3	1
Ex-gratia payments	30	16	58	21
Total special payments	**30**	**16**	**61**	**22**
Total losses and special payments	**33**	**608**	**297**	**843**

Note 31 Related parties

The Trust's Register of Interests shows that a number of individuals employed or contracted by the Trust in roles of significant influence are also employed or contracted in roles of significant influence by other organisations. Details of related party transactions with such parties are detailed below:

	2020/21			
Related party	Payments to Related Party	Receipts from Related Party	Payables	Receivables
	£'000	£'000	£'000	£'000
Human Tissue Authority	24	-	-	-
The Dudley Group NHS Foundation Trust	-	75	-	3
HM Coroners Of South Staffordshire	-	12	-	3
Haywood Rheumatism Research & Development Foundation	-	18	-	-
Keele University	1,883	9	23	192
Wi-Fi Spark	54	-	-	-

	2019/20			
Related party	Payments to Related Party	Receipts from Related Party	Payables	Receivables
	£'000	£'000	£'000	£'000
Human Tissue Authority	23	-	-	-
The Dudley Group NHS Foundation Trust	-	110	-	18
Macmillan Cancer Support	-	2	-	2
HM Coroners Of South Staffordshire	-	36	-	2
Haywood Rheumatism Research & Development Foundation	-	52	-	-
Keele University	2,154	1,124	15	267

The Department of Health is regarded as a related party. During the year the Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department, these are detailed below.

2020/21
Betsi Cadwaladr UHB

Department of Health and Social Care
East Cheshire NHS Trust
Health Education England
Mid Cheshire Hospitals NHS Foundation Trust
Midlands Partnership NHS Foundation Trust
Midlands Regional Office
NHS Birmingham and Solihull CCG
NHS Cannock Chase CCG
NHS Cheshire CCG
NHS Derby and Derbyshire CCG
NHS East Staffordshire CCG
NHS England - East / West Midlands Specialised
NHS Herefordshire and Worcestershire CCG
NHS Improvement
NHS North Staffordshire CCG
NHS Resolution
NHS Shropshire CCG

2019/20
Betsi Cadwaladr UHB

Central Midlands Commissioning Hub
Department of Health and Social Care
Health Commission Wales
Health Education England
Mid Cheshire Hospitals NHS Foundation Trust
Midlands Partnership Foundation Trust
NHS Birmingham & Solihull CCG
NHS Business Services Authority
NHS Cannock Chase CCG
NHS Cannock Chase CCG Dental Services
NHS Coventry & Rugby CCG
NHS Dudley CCG
NHS East Staffordshire CCG
NHS Eastern Cheshire CCG
NHS England Specialised
NHS Herefordshire CCG
NHS Litigation Authority

NHS South East Staffs and Seisdon Peninsular CCG
NHS Stafford and Surrounds CCG
NHS Stoke on Trent CCG
NHS Telford and Wrekin CCG
NHS Walsall CCG
NHS Wolverhampton CCG
North Staffordshire Combined Healthcare NHS Trust
North West Regional Office
North West Regional Office
Shrewsbury and Telford Hospital NHS Trust
The Royal Wolverhampton NHS Trust
University Hospitals Birmingham NHS Foundation Trust
Wales Health Specialised Committee

NHS Derby and Derbyshire CCG
NHS North Staffordshire CCG
NHS North Staffordshire CCG Dental Services
NHS Sandwell And West Birmingham CCG
NHS Shropshire CCG
NHS South Cheshire CCG
NHS South East Staffs And Seisdon Peninsular CCG
NHS Stafford And Surrounds CCG
NHS Stafford And Surrounds CCG Dental Services
NHS Stoke On Trent CCG
NHS Stoke On Trent CCG Dental Services
NHS Telford And Wrekin CCG
NHS Vale Royal CCG
NHS Walsall CCG
NHS West Cheshire CCG
NHS Wigan Borough CCG
NHS Wolverhampton CCG
North Midlands Screening Services
North Staffordshire Combined Healthcare NHS Trust
Powys Teaching LHB
Royal Wolverhampton NHS Trust
Shrewsbury and Telford Hospital NHS Trust
Shropshire And Staffordshire Area Team Screening Services
Virgin Care - East Staffs

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies. The majority of these transactions have been with HM Revenue and Customs, National Insurance Fund and the NHS Pension scheme.

UHNM Charity

The Trust has received revenue and capital payments from the UHNM Charity and all of the Trustees are also members of the Trust board. The income received relates mainly to the purchase by the UHNM Charity of equipment that enhances the service provided to patients. For practical purposes these purchases are administered via the Trust's established ordering and payment procedures with the UHNM Charity reimbursing the cost to the Trust. The charitable and other contributions to revenue expenditure income disclosed in Note 4 relates to services provided by the Trust to the UHNM charity, i.e. the running of the Appeals Dept.

In 2020/21 the total amount received from the UHNM Charity was £2.888 million (2019/20: £1,493 million). At the end of the year £0.547 million (2019/20: £0.431 million) was outstanding and is included within trade and other receivables.

Note 32 Transfers by absorption

Pathology services relating to UHNM, Mid Cheshire Hospitals NHS Foundation Trust (MCFT) and East Cheshire NHS Trust (ECT) merged to become a single provider on 1 December 2020. The merged provider is named North Midlands and Cheshire Pathology Service and the lead Trust providing the service is UHNM.

Prior to the merger the pathology service for ECT was provided by MCFT.

On the date of merger, staff (243.77 wte) transferred to UHNM workforce from MCFT.
in addition the inventory, valued at £0.256 million, and plant and equipment valued at £0.036 million current book value, were purchased from MCFT by UHNM.

All expenditure in relation to the service will from 1 December 2020 be transacted through UHNM and the relevant costs recharged to MCFT and ECT.

Note 33 Events after the reporting date

The Trust has not identified any major events that require disclosure.

Note 34 Better Payment Practice code

	2020/21	2020/21	2019/20	2019/20
Non-NHS Payables	**Number**	**£000**	**Number**	**£000**
Total non-NHS trade invoices paid in the year	111,177	469,641	167,860	539,904
Total non-NHS trade invoices paid within target	105,546	455,532	158,101	501,736
Percentage of non-NHS trade invoices paid within target	94.9%	97.0%	94.2%	92.9%
NHS Payables				
Total NHS trade invoices paid in the year	2,876	26,901	4,762	63,633
Total NHS trade invoices paid within target	2,552	23,071	3,805	53,073
Percentage of NHS trade invoices paid within target	88.7%	85.8%	79.9%	83.4%

The Better Payment Practice code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of valid invoice, whichever is later.

Note 35 External financing limit

The trust is given an external financing limit against which it is permitted to underspend

	2020/21	2019/20
	£000	**£000**
Cash flow financing	(8,339)	(16,924)
External financing requirement	**(8,339)**	**(16,924)**
External financing limit (EFL)	33,789	2,146
Under / (over) spend against EFL	**42,128**	**19,070**

Note 36 Capital Resource Limit

	2020/21	2019/20
	£000	**£000**
Gross capital expenditure	54,716	26,924
Less: Disposals	(24)	-
Less: Donated and granted capital additions	(4,263)	(901)
Charge against Capital Resource Limit	**50,429**	**26,023**
Capital Resource Limit	50,826	26,023
Under / (over) spend against CRL	**397**	**-**

Note 37 Breakeven duty financial performance

	2020/21
	£000
Adjusted financial performance surplus / (deficit) (control total basis)	7,085
Breakeven duty financial performance surplus / (deficit)	**7,085**

Note 38 Breakeven duty rolling assessment

	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Breakeven duty in-year financial performance		5,312	4,141	1,050	235	(19,301)	3,782
Breakeven duty cumulative position	(7,625)	(2,313)	1,828	2,878	3,113	(16,188)	(12,406)
Operating income		408,938	418,078	426,319	473,558	475,330	623,835
Cumulative breakeven position as a percentage of operating income		(0.6%)	0.4%	0.7%	0.7%	(3.4%)	(2.0%)

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Breakeven duty in-year financial performance	(26,936)	(27,773)	(69,717)	(63,607)	5,231	7,085
Breakeven duty cumulative position	(39,342)	(67,115)	(136,832)	(200,439)	(195,208)	(188,123)
Operating income	702,917	739,279	696,630	713,838	840,636	915,076
Cumulative breakeven position as a percentage of operating income	(5.6%)	(9.1%)	(19.6%)	(28.1%)	(23.2%)	(20.6%)

The Trust has a statutory duty to break even on a cumulative basis.

Due to the significant deterioration in the Trust's financial performance and forecast position, the Trust's auditors issued a section 30 referral to the Secretary of State for Health on 22 May 2017 reporting that the Trust's expenditure is likely to continue to exceed income for the foreseeable future.

The Trust reported a deficit of £63.607 million in 2018/19 against the planned deficit of £44.802 million, an adverse variance of £18.805 million of which £10.600 million related to the result of an expert determination on disputes with Commissioners relating to 2017/18. In 2018/19 the Trust received cash support of £43.099 million to fund the deficit position.

The Trust's financial performance in 2019/20 was a £5.231 million surplus. This includes £32 million of funding through the Provider Sustainability Fund (PSF), Financial Recovery Fund (FRF) and the Marginal Rate Emergency Tariff (MRET), which was available as the Trust signed up to its control total.

2020/21 financial year

For the first 4 months of 2020/21 temporary funding arrangements were introduced to ensure that Trusts had sufficient income and cash to maintain their services. These arrangements consisted of a block payment on account based on the average expenditure run rate for M8-10 in 2019/20 uplifted for inflation plus a retrospective top up to ensure that the Trust achieved a breakeven position each month; these arrangements were extended for a further 2 months. Under these arrangements the Trust received a total of £25.394 million of retrospective top up funding for the first 6 months of the year and reported a breakeven position.

For the second 6 months of the year the block payments continued but the top up payments were fixed with the Trust receiving £20.296 million for the second 6 months of the year. The Trust's plan for the second 6 months of the year was to deliver a deficit of £2.200 million including the receipt of £12.400 million of deficit support funding (£4.950 million from DHSC and £7.450 million from CCGs). The actual surplus achieved was mainly as a result of central funding being made available for the increase in the Annual Leave accrual, the impact of the Flowers Case and to compensate the Trust for reduction in Other income.

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF THE TRUST

The Chief Executive of NHS Improvement, in exercise of powers conferred on the NHS Trust Development Authority, has designated that the Chief Executive should be the Accountable Officer of the Trust. The relevant responsibilities of Accountable Officers are set out in the NHS Trust Accountable Officer Memorandum. These include ensuring that:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;

- value for money is achieved from the resources available to the trust;

- the expenditure and income of the trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them;

- effective and sound financial management systems are in place; and

- annual statutory accounts are prepared in a format directed by the Secretary of State to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, other items of comprehensive income and cash flows for the year.

As far as I am aware, there is no relevant audit information of which the 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 my letter of appointment as an Accountable Officer.

Signed.....Tracy Bullock.....Tracy Bullock - Chief Executive

Date.14/06/21

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;

- make judgements and estimates which are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts and;

- prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the accounts.

The directors 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 trust's performance, business model and strategy.

By order of the Board

Tracy Bullock ..... Date 14/06/21 ..... Tracy Bullock
Chief Executive

Mark Oldham ..... Date 14/6/21 ..... Mark Oldham
Chief Finance Officer

Independent auditor's report to the Directors of University Hospitals of North Midlands NHS Trust

Report on the Audit of the Financial Statements

Qualified opinion on financial statements

We have audited the financial statements of University Hospitals of North Midlands NHS Trust (the 'Trust') for the year ended 31 March 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 15 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021.

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, the financial statements:

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

Basis for qualified opinion

Due to the national lockdown arising from the Covid-19 pandemic in March 2020, we were not able to fully observe the counting of the physical inventories at 31 March 2020 or satisfy ourselves by alternative means concerning the inventory quantities held at that date, which had a carrying amount in the Statement of Financial Position of £13.3 million. Consequently, we were unable to determine whether any adjustment to this amount at 31 March 2020 was necessary or whether there was any consequential effect on the drugs costs and supplies and services for the year ended 31 March 2021.

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

Conclusions relating to going concern

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

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

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

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

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

Other information

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

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

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the inventory quantities of £13.3 million held as at 31 March 2020, and related balances. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

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

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the guidance issued by NHS Improvement, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

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

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 15 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021; and
- based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust, the other information published together with the financial statements in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- we issue a report in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we refer a matter to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or

- we make a written recommendation to the Trust under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters, except on 8 June 2021 we referred a matter to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 in relation to the Trust's ongoing breach of its three year break-even duty for the year ended 31 March 2021.

Responsibilities of the Directors and Those Charged with Governance for the financial statements

As explained in the Statement of Directors' Responsibilities in Respect of the Accounts, set out on page 55, the Directors are responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions, for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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 Trust without the transfer of its services to another public sector entity.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Trust and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international accounting standards and the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021).
- We enquired of management and the Audit Committee, concerning the Trust's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

- We assessed the susceptibility of the Trust's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - journal entries that altered the Trust's financial performance for the year;
  - potential management bias in determining accounting estimates, especially in relation to:
  - the calculation of the valuation of the Trust's land and buildings; and
  - accruals of income and expenditure at the end of the financial year.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a particular focus on significant journals at the end of the financial year, which impacted on the Trust's financial performance;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of:
    - property, plant and equipment valuations
    - the annual leave accrual;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, included the ongoing breach of its statutory break-even duty, the potential for fraud in revenue and/or expenditure recognition, and the significant accounting estimates related to the valuation of the Trust's land and buildings and its annual leave accrual**.**
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the health sector and economy in which the Trust operates
  - understanding of the legal and regulatory requirements specific to the Trust including:
  - the provisions of the applicable legislation
  - NHS Improvement's rules and related guidance
  - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Trust's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Trust's control environment, including the policies and procedures implemented by the Trust to ensure compliance with the requirements of the financial reporting framework.

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

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

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

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

Responsibilities of the Accountable Officer

As explained in the Statement of the Chief Executive's responsibilities as the Accountable Officer of the Trust, set out on page 54, the Chief Executive, as Accountable Officer, is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

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

We are required under Section 21(3)(c) and Schedule 13 paragraph 10(a) of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

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

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

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

We cannot formally conclude the audit and issue an audit certificate for University Hospitals of North Midlands NHS Trust for the year ended 31 March 2021 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources, and
- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Trust for the year ended 31 March 2021.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2021.

Use of our report

This report is made solely to the Directors of the Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Trust's Directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Directors, as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Patterson

Grant Patterson, Key Audit Partner

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

Birmingham

15 June 2021

Independent auditor's report to the Directors of University Hospitals of North Midlands NHS Trust

In our auditor's report issued on 15 June 2021, we explained that we could not formally conclude the audit and issue an audit certificate for the Trust for the year ended 31 March 2021, in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice, until we had:

- Completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have now completed this work, and the results of our work are set out below.

- Completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the year ended 31 March 2021. We have now completed this work.

Opinion on the financial statements

In our auditor's report for the year ended 31 March 2021 issued on 15 June 2021 we reported that, in our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, the financial statements:

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

The Basis for qualified opinion section of our opinion was as follows:

- Due to the national lockdown arising from the Covid-19 pandemic in March 2020, we were not able to fully observe the counting of the physical inventories at 31 March 2020 or satisfy ourselves by alternative means concerning the inventory quantities held at that date, which had a carrying amount in the Statement of Financial Position of £13.3 million. Consequently, we were unable to determine whether any adjustment to this amount at 31 March 2020 was necessary or whether there was any consequential effect on the drugs costs and supplies and services for the year ended 31 March 2021.

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

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

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

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

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

Responsibilities of the Accountable Officer

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

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

We are required under Section 21(3)(c) and Schedule 13 paragraph 10(a) of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

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

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

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of the University Hospitals of North Midlands NHS Trust for the year ended 31 March 2021 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the Directors of the Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Trust's Directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Directors, as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Patterson

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

Birmingham

5 August 2021