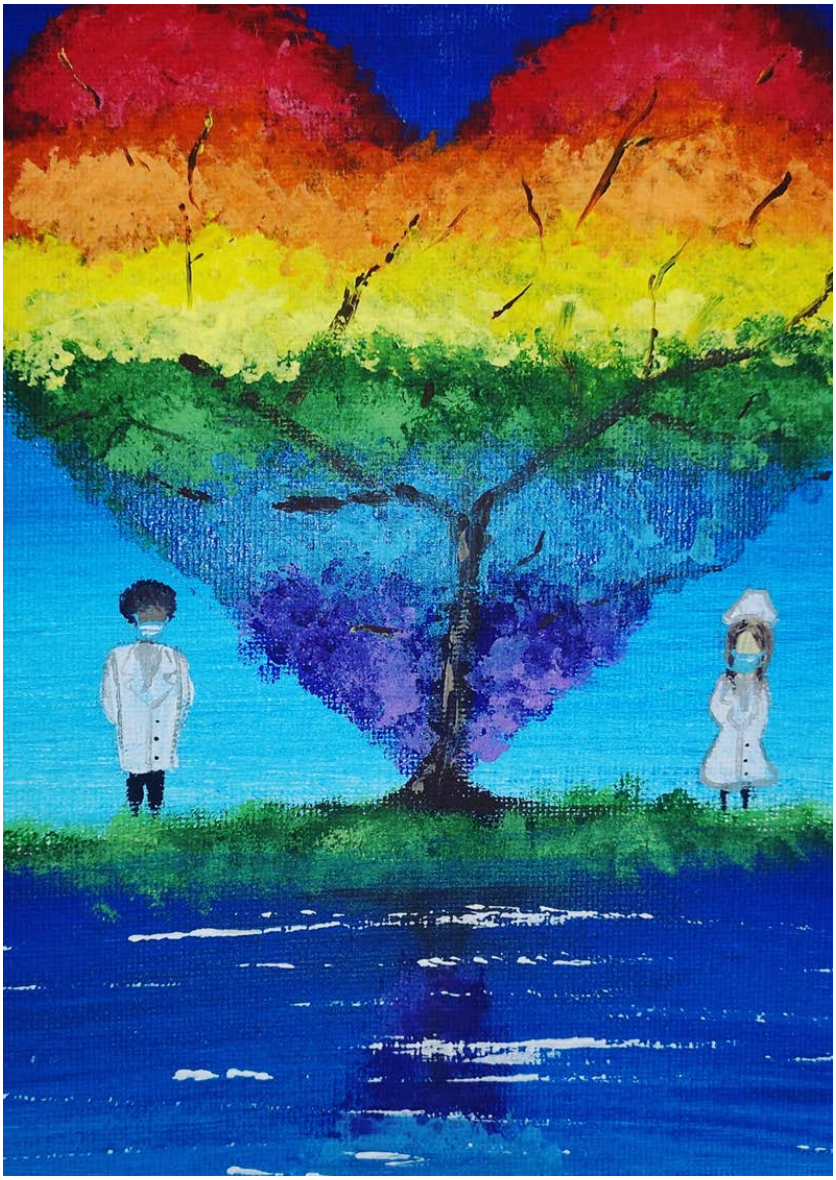
Wirral University Teaching Hospital
NHS Foundation Trust



2019 - 2020

Annual Report and Accounts

Wirral University Teaching Hospital NHS Foundation Trust
Annual Report and Accounts 2019/20

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

Contents

* *The front cover picture was created by Olivia, a local girl who wanted to thank NHS staff and key workers at the Trust.*

Introduction

Message from the Chairman and Chief Executive

It seems strange to start our review of the year at the end, not the beginning, but COVID-19 has come to dominate our operations so much during the closing months of the financial year, that we want to start by recognising its impact. And to thank every member of our staff for the amazing efforts and sheer hard work they have put in to care for our patients and each other.

At Wirral University Teaching Hospital NHS Foundation Trust (WUTH), we felt the impact of COVID-19 much earlier in the year than other trusts when, in January 2020, we hosted guests in quarantine returning from Wuhan, in China, where the virus was first detected. The guests were quarantined in the accommodation block on the Arrowe Park Hospital site for two weeks. This was followed by a further group of guests repatriated from the 'Diamond Princess' cruise liner from Japan, who were also quarantined for two weeks. The quarantine situation resulted in media interest nationally and internationally, as well as a huge amount of coordination from WUTH staff. All guests left with a clean bill of health.

In early March 2020, in response to the spread of the COVID-19 virus across the world, the NHS declared a Level 4 incident. The NHS was placed in a "command and control" environment, where all activity is directed from the NHS England and NHS Improvement national Incident Management Team.

At Trust level, the handling of the COVID-19 pandemic has been coordinated through a Bronze, Silver and Gold command structure. We also worked collaboratively with our partners in the Wirral health system and with Wirral Borough Council. This partnership working is evident in normal operations, but became even more important as we all took on new accountabilities, for example, COVID-19 testing at scale for staff, key workers, patients, care home residents and carers.

Non-urgent elective activity was postponed and visiting restrictions were also imposed throughout our hospitals. Sadly, the Trust has reported a number of deaths, resulting from COVID-19 but has also seen a significant number of patients nursed back to health.

Our Women and Children's Hospital, our doctors, nurses and midwives continued to support mothers, partners, families and babies throughout. We marked the International Year of the Nurse and Midwife in this the 200th year since the birth of Florence Nightingale.

The plans we made as an NHS and as a Trust to manage the expected surge in demand from COVID-19 patients, and the huge sacrifices made by the public during the 'lockdown', meant that the first peak of cases was manageable, but as a consequence, the time period for coping with the influx of cases was, and is, longer.

At times our staff, facilities, services and equipment were put under strain as we, like others, dealt with the unprecedented challenges of the COVID-19 pandemic. What shone through, and has been recognised by the public with outpourings of support, donations, kindness and generosity, is the dedication of our nurses, doctors, pharmacists, allied

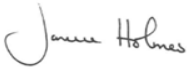
health professionals, cleaners, porters, IT, finance, communications and procurement staff; catering and estates and facilities- to name but a few.

Our staff have worked tirelessly throughout to provide the best care for patients. Work is now starting on the recovery phase and what the 'new normal' looks like for the Trust. Many of the changes introduced at pace have provided great examples of innovation and agility. We moved to remote working for 600 colleagues rapidly and we deployed new technology to support our work, we built an additional Oxygen storage facility in a matter of days, we went to paperless working, we set up a Family Support Team that has had contact with 3,100 families, with caseworkers supporting 1,200 families in their time of greatest need, and we took on over 200 volunteers from all walks of life. We put a clear emphasis on supporting staff wellbeing, knowing just how challenging the situation would be for their mental and physical health.

Even without the pandemic, 2019/20 was a year of huge change for our own organisation and for the wider NHS. There have been positive improvements in quality of care, leadership and culture within the organisation. A new Vision and Trust Values were launched during the year and improvements in quality of services were highlighted in a Care Quality Commission (CQC) inspection report published in March 2020.

The Trust vision and values were derived through engagement and interaction with staff, stakeholders and members of the public. The Vision 'Together we will' was launched, along with a new set of Values: 'Caring for everyone', 'Respect for all', 'Embracing Teamwork' and 'Committed to Improvement'. These are underpinned by a positive set of Behaviours for all staff to adhere to which are communicated through visual displays throughout our hospitals and in our recruitment process and materials. The Trust's positive improvements were highlighted in the inspection report which followed visits by Care Quality Commission (CQC) in November 2019. WUTH has made substantial progress to comply with regulations since the previous inspection in 2018, particularly within the 'safe' and 'well-led' domains of the CQC regulatory framework. The Trust was successful in demonstrating significant improvement in medicines management, medical engagement, leadership development and governance. The overall rating remained at 'Requires Improvement' but showed how the organisation is on course to improve ratings further going forward.

During this period, there has been a significant reduction in activity in our Emergency Department. Across the North West, the Trust also now has the lowest percentage of patients in hospital over 21 days. Work has continued on the hospital upgrade programme to improve urgent care services and we anticipate that work will commence during the summer of 2020. Looking ahead, the Trust is developing its strategy. Workshops involving staff and stakeholders were held in February and March 2020 and these are expected to resume in June 2020 to move forward with the development of our new strategy. Life may not be the same again after this pandemic. The resilience, dedication and professionalism of our staff, and the care they give to patients, will be.



Sir David Henshaw
Chair

Janelle Holmes
Chief Executive

Performance Report

This section gives an overview of the Trust. It sets out the purpose and key activities of Wirral University Teaching Hospital as well highlighting what Foundation Trust status enables us to do.

We also use this opportunity to highlight other key achievements and recognition over the past year including a snapshot of some of the Trust's key figures and what we delivered in 2019/20.

The purpose of the Trust and its key activities

Wirral University Teaching Hospital NHS Foundation Trust (WUTH) is one of the largest employers in Wirral and is also one of the largest and busiest acute trusts in the North West of England. It was formed under the provisions of the Health and Social Care (Community Care and Standards) Act 2003 (consolidated in the National Health Service Act 2006). The Trust received its Terms of Authorisation from Monitor, the former regulator of NHS funded healthcare, on 1st July 2007. In April 2013 this was superseded with a Trust Licence by the current regulator, NHS Improvement.

The status of Foundation Trust (FT) enables us to:

- Provide and develop healthcare according to the core NHS principles of free care based on need and not ability to pay
- Have greater freedom to decide our own strategy and the way we run our services
- Retain any financial surplus at the end of the year to reinvest in services and care provision
- Borrow to invest in new and improved services for patients and service users. We have a key accountability to our local community through our public members and governors.

We are also accountable to our commissioners (through contracts), Parliament and NHS Improvement. Providing a comprehensive range of high quality acute care services, our 6,258 strong workforce serves a population of approximately 400,000 people across Wirral, Ellesmere Port, Neston, North Wales and the wider North West footprint. Our principal activities during 2019/20 centred on contracts placed by primary care organisations and specialist commissioning bodies.

We operate from two main sites:

- Arrowe Park Hospital, Upton – delivering a full range of emergency (adults and children) and acute services for adults in the main hospital building. The Wirral Women's and Children's Hospital provides Maternity, Neonatal, Gynaecology, Children's inpatient, day case and outpatient units.
- Clatterbridge Hospital, Bebington – undertaking planned surgical services, dermatology services, breast care and specialist stroke and neuro rehabilitation services.

We also provide a range of outpatient services from community locations:

- St Catherine's Health Centre, Birkenhead – providing x-ray, community paediatric services, paediatric audiology and a range of outpatient clinics
- Victoria Central Health Centre, Wallasey – providing x-ray, some outpatient services and antenatal clinic
- Other locations – a range of outpatient services are provided from GP practices, schools and children's centres. The full range of our services includes:
- accident & emergency services for adults and children
- a diverse range of acute and non-acute specialties
- outpatients services
- day surgery services
- maternity including a midwifery led unit
- neonatal level 3 unit
- diagnostic and clinical support services
- specialist services, such as:
    - renal medicine
    - dermatology
    - orthopaedics (hip & knee revisions)
    - ophthalmology (retinal)
    - urology (cancer centre)
    - stroke (hyper-acute unit)
    - gynaecology (advanced laparoscopic endometriosis centre)
    - neonatal level 3 unit and Ronald McDonald House: charity home away from home accommodation for parents of sick children and premature babies.

Our clinical work is complemented and supported by a comprehensive range of corporate services, which comprise:

- patient and public involvement
- quality and safety
- corporate nursing and midwifery
- operations and performance
- strategy and partnerships
- finance and procurement
- human resources and organisational development
- executive office
- information and IT services
- facilities and estates management.

In 2019/20 the Trust provided the following:

* Including maternity emergencies but excluding births
** Excludes Nephrology
Outpatient data excludes GUM clinic.

2019/20 Achievements

During the year, the Trust has received multiple national awards, along with recognition of achievements across a number of services, including:

- **2020 Royal Society for the Prevention of Accidents (RoSPA) Health & Safety Award** - the awards are based on an organisation's individual health and safety performance and help the Trust to demonstrate its commitment to excellent standards. The Trust was awarded a 'Gold' award for health and safety performance during the period 1st January 2019 – 31st December 2019.

- **Florence Nightingale Award** - Christinah Makondo, Clinical Skills Manager, won the national Florence Nightingale award for a quality improvement project regarding Aseptic Non-Touch Technique (ANTT).

- **Nursing & Midwifery Special Recognition Award** - three staff received special recognition awards which recognise major contribution to patients and the nursing and midwifery profession; Paula Benson, Rosalyn Clare and Annemarie Lawrence.

- **Maternity Services Award** - the Trust was awarded 'Best Performing GAP Trust'. The aim of GAP (Growth Assessment Protocol) programme is to ensure all maternity staff are trained in assessing risk affecting foetal growth and that appropriate antenatal measure are taken to prevent or reduce foetal growth restriction. The Trust has a Growth clinic service led by a foetal medicine specialist and a team of high risk midwives. We are now the top performing organisation in the country in this area.

- **National Unsung Hero Award within the Corporate Services category** - the Diversity & Inclusion Steering Group was announced as winners in recognition of the work with staff and the wider community. The Group also achieved NAVAJO Accreditation for their work with the Lesbian, Gay, Bi-Sexual and Transgender (LGBT) community.

- **Dementia Friendly Wards** - as part of world Alzheimers day, the Trust received recognition for the dementia friendly ward. At Wirral the memories pub complete with replica beer taps and vintage posters was introduced to help dementia patients cope with stress and anxiety and provide them with a familiar environment.

- **Sentinel Stroke National Audit Programme (SSNAP) 2019 Acute Organisational Audit** - this is an audit of acute Stroke Services with performance assessed against 10 key indicators. The Trust achieved 9 out of the 10 indicators and is placed in the top 3% in England; and the top 4% for England, Wales & Northern Ireland.

- **Opthlamology - Getting It Right First Time (GIRFT)** - presentation at the national GIRFT event to outline improvements in the cataract pathway that have been made over the past year which has resulted in a reduction in patient waits and has moved the Trust from one of the worst performing Trusts nationally to one of the best.

- **Urology – Getting It Right First Time (GIRFT)** - met the GIRFT target of primary ureteroscopy and laser of stones for acute colic, being the only Trust to do so in Manchester, Merseyside and Cheshire.

- **Global Digital Exemplar (GDE)** - the Trust completed the majority of technology projects funded through GDE in 2019/20 and became one of the first trusts in the North West to achieve the national Cyber Essentials accreditation during 2019.

Celebrating Success - Together Awards 2019

Our staff 'Together' Awards celebrated the outstanding work of the teams who are working together to provide the best possible patient care and experience. The awards were aligned to our new Vision and Values and the winners were:

- Patient Choice Award – Ward 38
- Excellence in Patient Care – Highfield Midwifery Team
- 'Together we will' Team of the Year - Ophthalmology
- Non-clinical Team Award – Portering and Postal Team
- Innovation and Improvement Awards – Urology Cancer Nursing Service – Macmillan Nurses
- Partnership Award – GP/Hospital Integrated Clinical Pharmacists
- Trainee/Apprentice of the Year – Paige Campbell
- Volunteer of the Year – Margy Pierce of the Discharge Hospitality Centre.

Vision, Values & Behaviours

A huge amount of engagement was carried out over a 6 month period during the year with staff and the public to develop the Trust's Vision, Values and Behaviours. Engagement workshops were held with staff across the Trust and face to face surveys were carried out with over 2,000 members of the public and staff. This strong element of participation ensured that our vision and values were grounded in staff feedback and ideas. Booklets with the Vision, Values and Behaviours were designed and sent out to all staff.

Materials with the new vision branding were handed out on wards as part of face-to-face engagement after the launch. A suite of branded documents was produced and a set of guidelines specific to the Vision were developed.

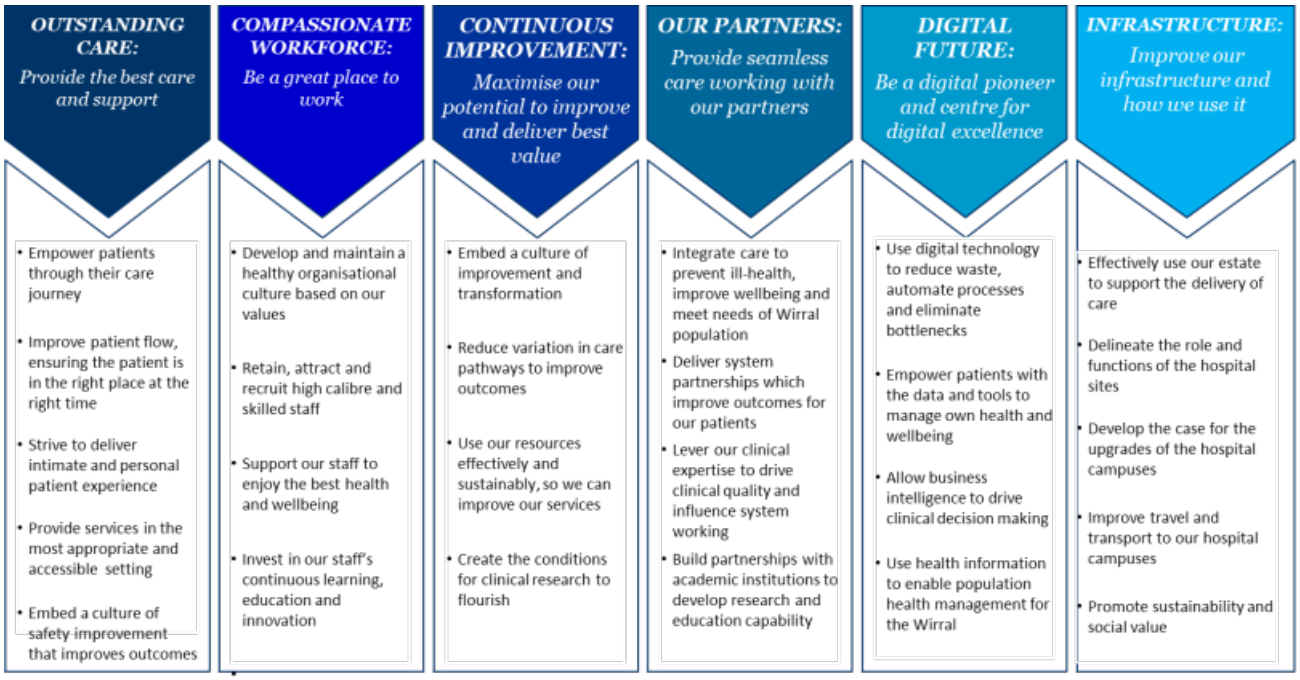
The next phase is to embed the Vision, Values and Behaviours through further engagement activity and to ensure alignment with other processes such as recruitment and appraisals.

Development of the Trust Strategy

In February 2020, the Trust commenced the development of the 2020-25 Strategy, as part of a refresh of the Trust's Strategic Framework. This included strategy workshops and focus groups which focussed on the development of the Trust's strategic objectives and priorities. Over 120 staff, governors and local stakeholders attended one of these

facilitated sessions, helping to shape the way forward for the Trust over the next five years.

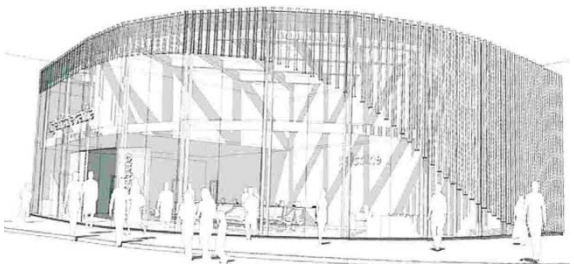
From these workshops, the Trust was able to develop and refine the strategic objectives and priorities for the next five years, as detailed below. These now form the basis of the Trust's 2020-25 Strategy, which will be launched in August 2020.



Hospital Upgrade Programme (Urgent Care)

In October 2019, the Trust was successful in obtaining £18m capital funding for the redevelopment of urgent care services at Arrowe Park Hospital. Plans for redevelopment include the Accident and Emergency Department and the Urgent Treatment Centre. This redevelopment aims to improve patient flow and patient experience as well as staff wellbeing, aligning to national and international good practice.

Early plans for the new facility have started to be developed, with the Trust embarking on the drafting of the Outline Business Case from July 2020, with the aim of commencing construction in the fourth quarter of 2021/22.



Three Phase Recovery

This year saw refurbishment of Theatre Recovery at Arrowe Park. The new facility will support an improved patient experience for day case patients by providing a 'one stop' admission and discharge process without the need to utilise a day case bed. This will in turn support the organisation's patient flow programme and reduce cancellations on the day as the area is 'ring fenced' for day case patients.

Initial Response to COVID-19

In January 2020, the Trust was asked to provide a quarantine facility for repatriated citizens from Wuhan, China as part of the Government's initial response to COVID-19 ('contain' phase). This was as a result of the Trust having access to staff accommodation facilities onsite which were separate to the main hospital but had a large number of individual bedroom facilities. Preparations were required to begin immediately and adapted as more information was available, this included suitable alternative accommodation for approximately 50 staff members and their families living in the accommodation block. An additional group of repatriated citizens from a cruise ship arrived in February 2020.

The Trust worked under the direction of national NHS Improvement (NHSI) emergency command structures with direct links to the Department of Health and daily ministerial briefings. This was a politically high profile incident with 24/7 media coverage, the Trust was supported by NHSI regional communications teams and had a press presence onsite throughout the initial phases of the repatriation. Strategic and Tactical Command groups were established incorporating the following agencies, each holding offices on Trust premises for the duration of the incident:

- NHSI EPRR team and regional leaders
- WUTH
- NHS partners (North West Ambulance Service, Wirral Community Trust)
- Police
- Fire and Rescue
- Public Health England
- NHS Property services
- Wirral Local Authority.

Once all guests had left early in March 2020, the Trust was asked to make arrangements to keep part of the facility empty for possible future quarantine requirements. Trust staff eventually reoccupied their section of the accommodation during the last two weeks of March 2020.

In common with all other NHS organisations, the emergence of COVID-19 in March 2020 required the Trust to review and implement interim arrangements to reflect national guidance to ensure the clinical and operational stability of the organisation. These arrangements included:

- command and control structures;
- a revised clinical and operational model;
- COVID-19 risk register;
- interim financial governance arrangements;
- short-term governance arrangements in line with NHS Improvement guidance
- multiple workforce support measures:

    - Training and upskilling existing and new workforce
    - Health & Wellbeing
    - Workforce supply
    - Sickness absence
    - Communication & Engagement.

Financial Overview 2019/20

The Trust set a financial plan for 2019/20 which budgeted for a break-even position. Delivery of this would have enabled the Trust to access £18.8m of sustainability/recovery support. This plan was also contingent on the achievement of cost improvements of £13.2m.

Due to the scale of challenges facing the Trust, we delivered a year-end deficit of £16.9m. Despite the deficit, the Trust maintained cash balances through a combination of prudent internal working capital measures, and £18m net loan support from the Department of Health and Social Care (DHSC), with the Trust ending 2019/20 with a cash balance of £5.9m.

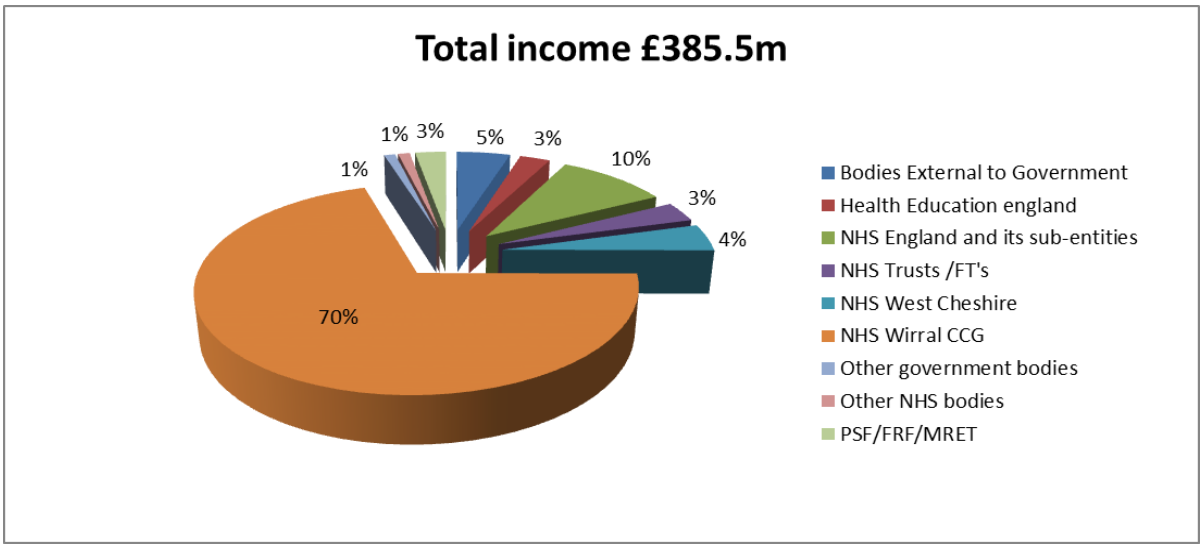
The following commentary provides more detail on the Trust's key financial results, which are formally reported in the Trust's annual accounts, with particular and additional reference to performance against the 2019/20 financial plan.

Income

The Trust has generated income and gains of £385.5m in the year, which is £9.1m higher than planned.

This includes additional centrally funded employer pension contributions of £10.0m partially offset by the non-achievement of £8.1m of Provider Sustainability Fund/ Financial Recovery Fund (PSF/FRF) funding for quarters 3 and 4. During the year the Trust incurred costs in relation to the provision of COVID-19 quarantine facilities for UK nationals repatriated from China and Japan, and the local response to the COVID-19 pandemic totalling £3.1m which were funded by additional NHS England income. Operational over-performance generated a further £1.0m contractual income, and the remaining balance of £3.0m relates to additional funding for education & training and over performance against non-clinical contracts.

The chart below depicts the Trust's total income and gains for 2019/20, split by customer or commissioner type.



Wirral Clinical Commissioning Group remains the largest commissioner of services from the Trust, generating £270.2m (70%) of the Trust's overall income, which was broadly consistent with 2018/19.

Commissioner-funded delivery of patient care activities remains the largest source of Trust income (£343.8m). Elective/day-case activity, Outpatients attendances both first and follow-ups, and non-elective activity were all below plan in 2019/20. This reflects the continued operational pressures in the Trust with patient flow and patients with long-lengths of stay. The position was exacerbated by reduced activity in March 2020 as a result of COVID-19.

The table below details the Trust's 2019/20 income from patient care activities (Clinical income), split by the broad admission type, known as "point of delivery".

Clinical income by point of delivery	2019/20 £000	2018/19 £000
Elective income	49,067	49,999
Non elective income	120,935	103,519
First outpatient income	16,723	15,889
Follow up outpatient income	19,562	17,340
A&E income	14,500	13,134
High cost drugs income from commissioners	15,863	16,247
Other NHS clinical income	93,439	92,494
Private patient income	294	388
Agenda for Change central funding	-	4,065
Additional pension contribution	9,991	-
Other clinical income	3,380	965
Total income from patient care activities	**343,754**	**314,040**

The Trust has met the requirements of section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012), in that the income from the provision of goods and services for the purposes of the health service in England (principal) has exceeded income from the provision of goods and services for any other purposes (non-principal). Non-principal income is used to provide additional funding for the Trust. It is directly reinvested in the delivery of high quality NHS services.

Expenditure

Total expenditure incurred by the Trust during 2019/20 was £402.5m (£390.7m 2018/19), which is an increase of £12.1m or 3% from the previous year. Total expenditure exceeded plan by £26.4m. £6.2m of this variance is attributable to non-pay costs, including impairments, and pay costs were £20.2m above plan.

Pay is the largest expenditure category at £274m, which is 68% of the Trust's total expenditure. Within this pay figure, the amount spent on substantive staff was £246.6m, with £19.5m on bank staff and a further £7.8m on agency staff. Including bank and agency staff, the Trust spent £73.6m on medical staff and £71.7m on qualified nursing. The level of qualified nurse vacancies across the Trust has been a major challenge again this year, and work continues to recruit nurses to substantive positions.

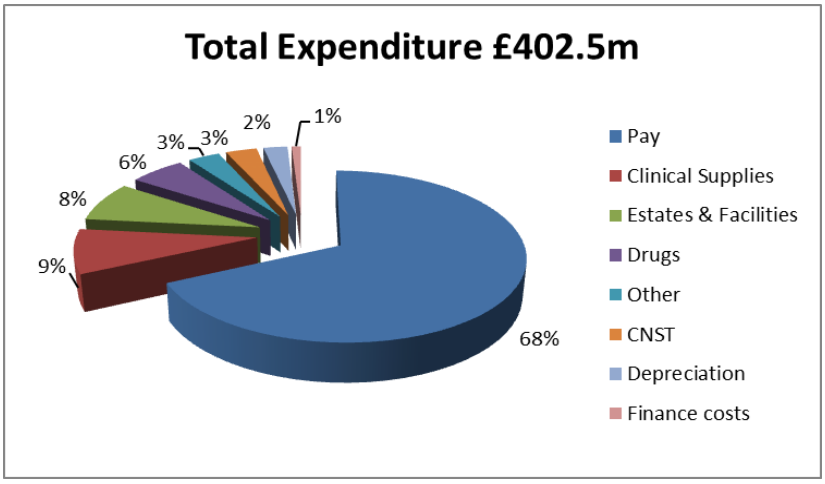
Overall pay expenditure was £20.2m higher than planned. However, circa £10m of this variance comprised centrally-funded increase in employer's pension's contribution, which was therefore offset within income. The remaining variance relates to increased costs in both clinical and medical and dental substantive staff. Bank staff costs also exceeded plan by £2.2m. At £7.8m, the Trust's agency pay spend was £0.4m higher than the 2019/20 target figure set by NHS Improvement ('the agency ceiling').

Non-pay and financing costs (£128.5m) represent 32% of the Trust's expenditure. Some notable expenditure items in 2019/20 are as follows.

- £34.5m on clinical supplies
- £23.1m on drugs
- £11.7m on premises
- £12.9m for the Trust's clinical negligence insurance (CNST) premium
- £3.8m on finance costs, including PDC dividend to DHSC.

Depreciation and amortisation of £10m is included in the overall expenditure figure. This is a non-cash item, which is charged annually to reflect the usage and consumption of capital assets which were purchased in 2019/20 and previous years. Net impairments of £0.2m were also recorded, this expenditure was not contained within the Trust's plan.

The Chart below depicts the main categories within total reported expenditure for 2019/20, "Other" includes premises, training, leasing and IT-related costs.



Capital investment

Capital expenditure for the year totalled £7.1m (£10.1m in cash terms), which reflects the Trust's plan to invest in its estate and infrastructure, as well as leading-edge technologies. This expenditure underpins safety management, patient experience, service delivery, and the achievement of efficiencies in the medium and long-term.

The Trust's capital schemes for 2019/20 were as follows:

- **£2.4m** Medical equipment and facilities improvements, including:
  - £0.7m improvement to surgical recovery facilities; and
  - £0.5m pharmacy robot.
- **£1.6m** Improvements to the Trust's built estate.
- **£2.8m** Information technology improvement schemes
- **£0.3m** Schemes to support the Trust's response to COVID-19.

Cash

The cash balance held at 31 March 2020 was £5.9m. This was £1.7m higher than planned, primarily due to a positive working capital movement and lower than expected spend on capital programmes in Quarter 4 of the year.

Within the Directors' report, the Trust's performance in 2019/20 on the *Better Payment Practice Code (BPPC)* targets is disclosed. Although the Trust is borrowing from DHSC to maintain liquidity, prompt supplier payments have been generally maintained. The Trust did not achieve its payment targets this year, and whilst the percentage of invoices paid within the BPPC targets increased slightly the percentage value of invoices paid within target fell slightly.

Reference Costs

The Reference Cost Index is a measure of the relative cost difference between NHS providers. The national average score is 100 and the Trust scored 98 for the 2018/19 collection which was submitted in October 2019. This means the Trust is 2% more

efficient than the national average, demonstrating the Trust's commitment to deliver value for money in a challenging health economy.

Cost Improvement Plans (CIPs)

The CIP requirement is a national Department of Health & Social Care strategy requiring all NHS organisations to seek to improve productivity whilst maintaining high quality standards. The Trust again set a challenging CIP target for 2019/20 of £13.2m, representing 3% of total planned expenditure. The 2019/20 delivered CIP was actually £10.8m for the year, resulting in a shortfall against plan of £2.4m.

The table below details the CIP performance position and the % delivered of the total income.

	Actual £m	Plan £m	Variance £m	Variance %
2019/20	10.8	13.2	(2.3)	-18%
Percentage of total income	2.8%	3.5%		
2018/19	9.6	11.0	(1.4)	-13%
Percentage of total income	2.7%	3.3%		

Only 74% of the total delivered CIP was considered to be recurrent.

Future outlook

The Trust had made the following assumptions in relation to the 2020/21 draft financial plan submitted on 5th March 2020, in continuing its journey towards financial sustainability:

- 2019/20 exit run rate of £37.6m deficit
- A CIP of £14.4m (3.7%) is delivered in full
- Stranded costs associated with the move of The Clatterbridge Cancer Centre are managed on a risk share basis over more than one year
- Contract negotiations were not finalised. It was assumed that commissioning contracting principles were consistent with 2019/20
- The target trajectory for WUTH was a deficit of (£9.3m), this would attract FRF funding of £9.3m, thus delivering a break-even position. Based on the assessment of the underlying financial position, the Trust was unable to achieve this and therefore has no access to FRF
- Planning guidance changed the approach to MRET funding which means that this will no longer be available when the trajectory is not agreed, amounting to a loss of £6.3m of central funding
- Trusts were also required to submit a plan which supported a move to 92% bed occupancy. It was estimated that this would be an additional £6m for WUTH in 2019/20; however, detailed bed modelling was still work in progress
- The initial draft plan position for the Trust was therefore a deficit of (£28.4) for the 2020/21 year.

On 17th March 2020, the operational planning process for 2020/21 was suspended and NHS England/Improvement announced amended financial arrangements for the period between 1 April and 31 July 2020, to enable the NHS to respond to COVID-19.

- A key part of these changes include moving to a nationally determined monthly 'block contract' payment and where necessary 'top-up' payment designed to cover costs
- Therefore all NHS providers will have a guaranteed minimum level of income reflecting the current cost base; there will be no national efficiency requirement
- The base period for the payments is the average of the Month 8 – Month 10 (19/20), activity. A national top-up payment will be provided to providers to reflect the difference between the actual costs and income guaranteed
- The aim of this proposal is to free-up the maximum possible inpatient and critical care capacity and to remove routine burdens. This also includes the cancellation of all non-urgent elective activity for a period of 3 months
- Where actual costs exceed the income received, the Trust can claim for additional and reasonable costs on a monthly basis including:

    - Increase in staffing costs including temporary staffing and payments for bank/sub contracted staff
    - Additional costs of dealing with COVID-19 eg decontamination, transport, testing and swabbing.

2020/21 Financial Plan for WUTH

Whilst the Trust was not required to submit an operational or financial plan to its regulators, we still needed to agree a financial plan for internal monitoring and reporting purposes. On that basis the proposed plan for 2020/21 was set with the following high level planning assumptions:

- April to July 2020 plan set in accordance with temporary finance regime as set out by NHS Improvement
- August 2020 to March 2021 set in accordance with original WUTH draft plan which was agreed by the Trust Finance Performance and Business Assurance Committee at its February 2020 meeting.

The financial plan for month 5 to 12 will be challenging, as it includes a CIP plan of £11.8m. The following factors are key to the delivery of the Trust's 2020/21 plan.

- Transformation of care within the Wirral health economy and close management of costs across the Trust, to deliver the activity plan within agreed budgets
- The management of demand during the winter season and the potential continuing impact of COVID-19 will be a significant challenge for the Trust, and will require continuing close-working with our social care partners
- Development and delivery of detailed and transformational efficiency plans which achieve CIP savings of £11.8m on a recurrent basis, and which lay the foundations for further savings into future years
- Continued access to borrowings from the Department of Health and Social Care.

Looking further forwards, the Trust continues to be fully engaged with Health & Care Partnership (HCP) processes, working closely with other health and social care providers in Cheshire and Merseyside, with the aim of delivering financially sustainable services for the local health economy and the region beyond 2020/21 and into the medium and long-term.

The proposed interim financial plan for 2020/21 has been drafted noting the limitations of planning for the year when the impact of COVID-19 is unknown and the NHS financial framework was only set for the first four months of the financial year.

The key financial elements of the Trust's interim 2020/21 plan are:

- Deficit per planned statement of Comprehensive income (£17.0m)
- Assumed CIP achievement within the above deficit £11.8m
- Capital expenditure is planned to be £11.2m, to note this is the revised plan, and includes the Cheshire & Mersey (C&M) challenge.

Going Concern Disclosure

The Trust is judged to be a going concern if it is to continue in operation for the foreseeable future. There is no presumption of going concern status for NHS foundation trusts. Directors must decide each year whether or not the Trust is a going concern, and whether it is appropriate for the Trust to prepare its accounts on the going concern basis.

In forming a view, the directors have considered key factors captured in the Trust's 2020/21 plan and beyond. This assessment covers a period of at least 12 months from the date of approval of the financial statements.

In particular, the directors have noted the following factors:

- No major losses of commissioner income are anticipated, and the list of commissioner-requested services remains unchanged.
- Total borrowing as at March 2020 of £91m with cash forecasting suggesting a further requirement in 2020/21 of £5m relating to the 2019/20 deficit.
- These borrowings are 'unapproved' as specific contracts for each planned draw of cash have not yet been signed, which is consistent with DHSC's current borrowing regime.
- In March 2020 the operational planning process for 2020/21 was suspended by NHS England/Improvement who announced amended financial arrangements for the period 1 April to 31 July 2020 to enable the NHS to respond to Covid19. These arrangements include a nationally determined 'block contract' payment plus 'top up' where required to ensure all Trusts costs are covered allowing a 'break-even' position. To date contracting arrangements after 31 July 2020 have not been confirmed by the regulators and the Trust has not been required to submit operational or financial plans for the 2020/21.
- Whilst contracting arrangements have not been confirmed the Government has issued a mandate to NHS England for the continued provision of health services in England in 2020/21 and Commissioner allocations have been set for the remainder of 2020/21. Guidance has confirmed that the Trust can therefore continue to expect NHS funding to flow at similar levels to those previously provided where services are reasonably still expected to be commissioned.

Further relevant factors considered in relation to borrowings are listed below:

- As announced in the April 2020 NHSI publication "Reforms to the NHS Cash Regime" all interim revenue support and working capital loans as at 31st March 2020 will be repaid during 2020/21 with new Public Dividend Capital (PDC) issued by DHSC for that purpose. This PDC funding does not require repayment of principle, thereby removing a previous material uncertainty over the Trust's ability to repay current loans. The Trust anticipates that this new PDC funding will allow repayment of all but £7.2m of existing loan debt. The remaining debt representing long term capital loans being repaid at £1.0m per year.
- Future revenue support will be available as additional PDC with no requirement for repayment of principle. A Memorandum of Understanding (MoU) will detail specific terms and conditions for each additional drawdown.
- The Trust anticipates implicit approval of future requests to drawdown additional PDC through DHSC and NHSI's acceptance of the Trust's plans.

In summary, the directors have identified that the following factors represent *material uncertainty that may cast significant doubt about the Trust's ability to continue as a going concern,* in line with DHSC guidance:

- Reliance on additional as yet unconfirmed PDC drawdown in 2020/21, relating to prior year performance.
- Reliance on additional as yet unconfirmed PDC drawdown in 2020/21, relating to the expected in-year deficit, and the levels of non-recurrent funding within the 2020/21 plan which are not expected to be available in 2022/23 and beyond.
- Contracting arrangements after 31 July 2020 are still to be confirmed.

Nevertheless, and notwithstanding the present and forecast sector-wide challenges noted within this Annual Report and Accounts, the directors have noted that the Trust intends to continue to operate for the foreseeable future, and has not been informed by any relevant national body of any intention related to the dissolution of the Trust. For this reason, they continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include the adjustments that would result if the Trust was unable to continue as a going concern.

Charity Appeal

The Trust charity, WUTH Charity reached a new milestone with the launch of the its first major appeal. The Tiny Stars neonatal appeal aims to raise £1.5million to expand and refurbish the neonatal unit at Wirral Women's and Children's Hospital, Arrowe Park. It was launched in July at the Arrowe Park Abseil which raised £20,000. The Charity has since hosted a series of events, engaged with the community and developed new relationships with local businesses to seek further support for the appeal.

The final weeks of the year however have taken a different direction in response to the COVID-19 pandemic. The Charity team shifted their focus to managing the outpouring of support for the Trust from the whole community with the launch of the COVID-19 support fund.

Performance against NHS Oversight Framework Targets

The primary process for NHS foundation trusts to assure themselves on governance and performance is the NHS Improvement NHS Oversight Framework which came into effect on 1st October 2016, and performance against the key metrics is detailed below.

A Quality Performance Report provides the Board of Directors with oversight of Trust performance against targets set nationally and locally, and for those metrics where performance standards have not been met, exception reports are provided detailing the remedial actions and expected impact.

It should be noted that during the COVID-19 pandemic a number of the metrics were suspended from national reporting to facilitate a focus on operational priorities.

National targets and regulatory requirements	Target	Q1	Q2	Q3	Q4
Maximum waiting time of two weeks from urgent GP referral to first outpatient appointment for all urgent suspect cancer referrals	Minimum 93%	93.28%	93.84%	94.37%	93.36%
Maximum waiting time of 31 days from diagnosis to treatment for all cancers	Minimum 96%	96.77%	96.83%	96.94%	97.63%
Maximum waiting time of 31 days from decision to treat to start of subsequent treatment for cancer (surgery)	Minimum 94%	96.97%	96.72%	96.00%	97.18%
Maximum waiting time of 31 days from decision to treat to start of subsequent treatment for cancer (drugs)	Minimum 98%	100%	100%	100%	100%
Maximum waiting time of 62 days from urgent referral to treatment for all cancers	Minimum 85%	86.46%	87.95%	86.11%	85.91%
Maximum waiting time of 62 days from screening referral to treatment for all cancers	Minimum 90%	93.48%	95.45%	94.12%	95.51%
Referral to treatment time – incomplete pathways < 18 weeks	Minimum 92%	79.96%	79.85%	78.41%	77.26%
Referral to treatment time – incomplete pathways : total waiting	Maximum 24,735 by March ‘20	25,733	24,721	23,233	22,350
Maximum waiting time of four hours in A&E from arrival to admission, transfer or discharge	Minimum 95%	79.40%	79.17%	71.88%	70.12%

National targets and regulatory requirements	Target	Q1	Q2	Q3	Q4
Maximum number of avoidable cases of C difficile (cumulative)	Maximum 88 for the year	39	57	78	89
Percentage of adult patients admitted for risk of VTE on admission to hospital	Minimum 95%	96.6%	97.6%	97.8%	97.7%
CAS Alters not completed by deadline	Zero	0	0	0	0
Never Events	Zero	0	0	0	2
Same sex accommodation breaches	Zero breaches	43	63	53	28
Friends & Family Test:	Minimum 95%				
- Emergency Department		89%	90%	86%	83%
- Inpatients		97%	97%	97%	97%
- Outpatients		94%	94%	94%	95%
- Maternity		97%	92%	95%	97%

Access to Cancer Care

The Trust again consistently achieved the Cancer care access targets for all quarters and for all metrics across the whole of 2019/20. The continued dedication of staff across many disciplines and departments in ensuring these most vulnerable patients experience as few delays as possible and access high quality treatment at every step of their clinical pathways is to be commended.

Access to Elective Care

The focus of Referral to Treatment (RTT) is on the incomplete standard, with the national threshold remaining at a minimum 92% of patients waiting to be at 18 weeks or less. The local trajectory for Wirral, agreed with NHS England & Improvement at the start of the year was that performance would be 80% compliant with no patient waiting longer than 52 weeks. Throughout the year compliance with the 52 week standard was maintained with RTT % performance close to the trajectory standard.

In line with a national directive to cease non-urgent elective activities in response to the COVID-19 pandemic emerging in March 2020, performance against both of these standards deteriorated towards the end of the year. However, the Trust did achieve the headline objective of reducing the overall waiting list size over the course of 2019/20 despite a significant reduction in activity levels in March 2020.

Access for Emergency Patients

Although there was a continuing health economy wide focus and joint actions were put in place, performance against the emergency access 4-hour standard remained below the national standard of 95% throughout 2019/20. The pressure of urgent care demand on the Arrowe Park site remained a continual issue, and reflected pressures experienced

both regionally and nationally. The Trust did achieve its improvement trajectory during the first quarter of the year but experienced a gradual deterioration in performance from July 2019 with significant deterioration in the winter months of January and February 2020. The Trust recorded improvements in performance against the standard in March 2020, although this improvement was directly attributable to reduced demand for Accident & Emergency services during the initial onset of the COVID-19 pandemic.

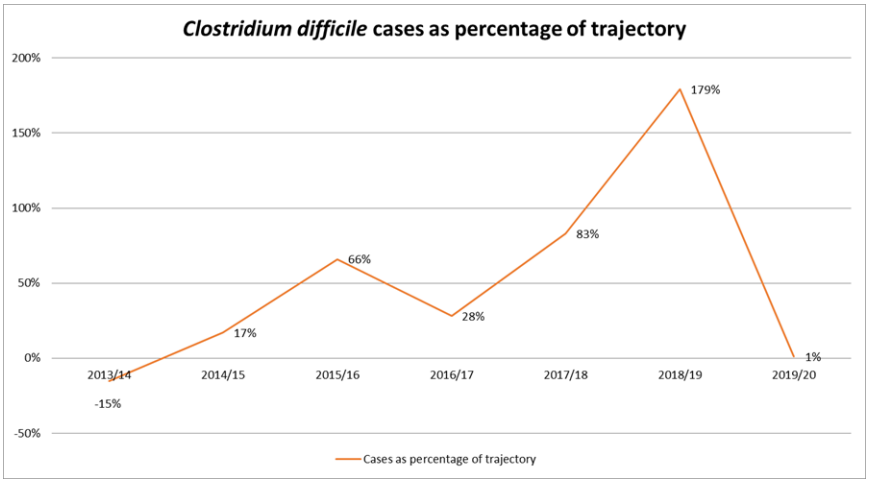
Clostridium difficile (CDI)

Changes made to the CDI reporting algorithm for financial year 2019/20 were reflected in the objective set by NHS Improvement of 88 cases over the course of the year. The target took into account a likely increase as a result of the introduction of two new set criteria:

- **hospital onset healthcare associated:** cases detected in the hospital two or more days after admission (day of admission being day 0)

- **community onset indeterminate association:** cases that occur in the community (or within two days of admission) when the patient has been an inpatient in the Trust reporting the case in the previous twelve weeks but not the most recent four weeks.

The Trust experienced an outbreak of CDI at the beginning of the year which resulted in performance above trajectory for the first three months of the year. Outbreak control measures were incorporated in a CDI action plan in June 2019 with Clinical Teams, Estates and Infection Prevention & Control teams all involved in implementation of relevant actions. Progress against the plan was regularly reported to the Patient Safety Quality Board and the Board of Directors. The actions taken successfully addressed the deterioration in performance and contributed to an outturn position of 89 for the year against the target of 88.

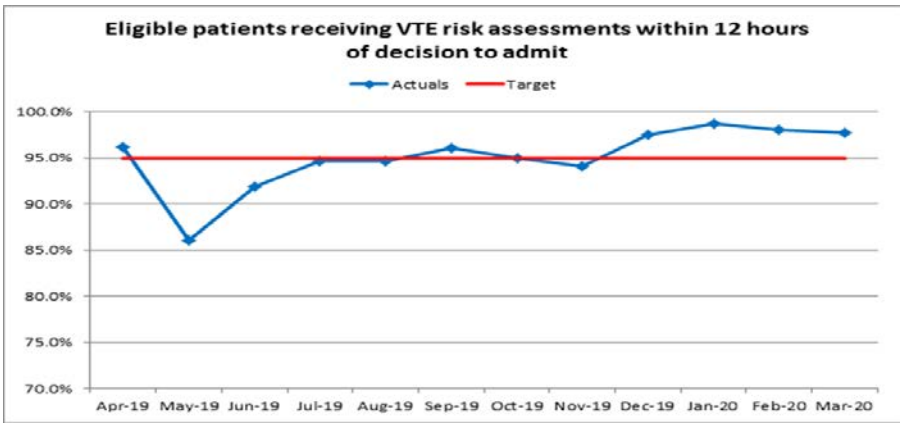


Eligible Patients Receiving Venous Thromboembolism (VTE) Risk Assessments During Hospital Admission

The Department of Health requires quarterly reports regarding eligible adult patients receiving VTE risk assessments during their hospital stay. The compliance target for this measure is +95%. The Trust achieved this target in each quarter of the year with an outturn position for 2019/20 performance of 97.7% compliance.

In response to recent QI audits, which showed delays in the undertaking of VTE assessments and subsequent delays in the prescribing and administration of chemical prophylaxis, the Trust set its own target for "Eligible patients receiving VTE risk assessments within 12 hours of decision to admit". The VTE assessment tool was further developed to include an alert to prompt assessment and links to the electronic patient record to provide visibility of the completion and timing of assessment. This, combined with the implementation of a Trust-wide teaching package, led to an increase in assessment compliance.

The overall performance for 2019/20 of 97.9% compliance was extremely positive and ongoing monitoring of performance through the Trust's VTE Group will ensure continued consistency of performance.



Quality of Services

Revised reporting arrangements as a result of COVID-19 mean that the Trust is not required to include a Quality Report for the period 2019/20 in this Annual Report. However, a Quality Account for the period will be prepared, as required by the Health Act 2009 for publication during the autumn of 2020. Trusts are required to publish Quality Accounts for 2019/20 by 15th December 2020. The following sections do, however, provide an overview of a range of Quality matters during 2019/20.

Care Quality Commission Assessment

In March 2020, the Care Quality Commission (CQC) published their most recent report following a comprehensive inspection at the end of 2019 across a range of services at the Trust. In addition to the CQC inspection of the quality of services, NHS Improvement

(NHSI) undertook a ‘Use of Resources’ assessment in October 2019, the aim of which is to improve understanding of how productively the Trust is using its resources to provide high quality and sustainable care for patients.

The services inspected by CQC included:

- Urgent & Emergency Care
- Medicine & Acute
- Children & Young People
- Surgery
- Outpatients
- Diagnostics.

The outcome of the inspections, based on a combined rating for quality and use of resources, resulted in a rating of ‘Requires Improvement’.

The inspection report showed that the Trust had made substantial progress to comply with regulations since the last inspection in 2018, particularly within the safe and well-led domains. The Trust was successful in demonstrating to inspectors significant improvements in medicines management, medical engagement, leadership development and governance.

It was encouraging that the CQC recognised improved leadership and governance, and uplifted the overall rating in the well-led domain from ‘Inadequate' to 'Requires Improvement'. It is clear that, notwithstanding the progress that has been made, there remains work to do to overcome the challenges associated with patient flows throughout the wider health system and to achieve higher levels of compliance with some care standards.

CQC National Maternity Survey 2019

In January 2020 CQC published its national survey results with responses from more than 17,000 women across 126 NHS acute Trusts in England. The 2019 survey of women’s experiences of maternity care encompassed antenatal care, labour and birth care and postnatal care.

In comparison to the previous year, the Trust performed better or the same across a range of areas and compared to other Trusts the performance was:

- **Better** than most Trusts for **10** questions.
- **Worse** than most Trusts for **0** questions.
- **Same** as other Trusts for **37** questions.

The Trust performed significantly higher in three areas, active support about feeding your baby; choice about location for postnatal care and the midwife/midwifery team always listened to you. Whilst performance was lower in one area relating to patients being worried when being left by the midwife or doctor.

Overall, the results demonstrate sustainability of the delivery of good standards of care with improvements noted in some key areas. An improvement plan has been developed and progress of the actions identified will be monitored through Patient Safety Quality Board (PSQB).

Full details of the survey are available through the CQC website
https://www.cqc.org.uk/maternitysurvey

Management of Serious Incidents / Duty of Candour

During 2019/20 the Trust continued to make improvements in incident management. The transparent reporting and learning culture led to continued high levels of reporting and timely management review and investigation. This has enabled faster facilitation of Duty of Candour to ensure we are open and honest with our patients and families if there has been an error or omission resulting in harm.

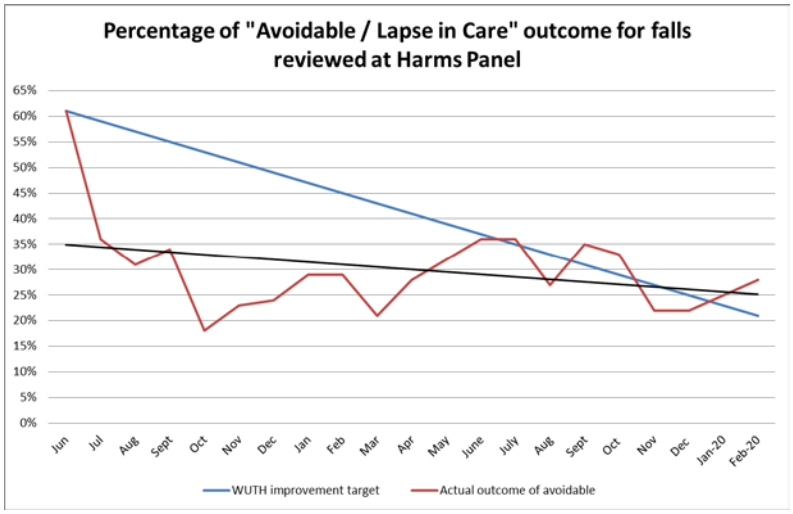
Serious incidents are managed ahead of the national 60 day deadline and learning identified, alongside learning from mortality reviews and other sources of information. This helps us to continue to improve the safe and quality of care we provide across all of our services.

For the period 2019-20 we reported 2 surgical Never Events. The patients were not harmed and Duty of Candour was performed. Both of the incidents were subject to a full investigation utilising root cause analysis methodology and the Trust took immediate improvement actions to reduce the risk of reoccurrence of similar incidents.

Combined Harms Panel

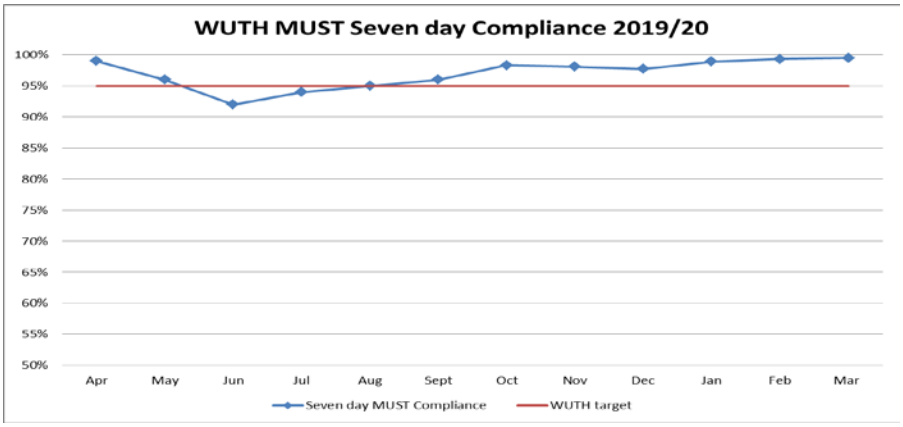
To ensure a continuous improvement and focus on reducing hospital acquired harms WUTH ran a weekly combined harms review panel throughout 2019/2020. The harms panel reviews falls, hospital acquired pressure ulcers and deep tissue injuries as well as non- compliance with MUST weekly assessments. Each element is reviewed against criteria to classify if the incident has identified a “lapse in care” or is deemed “avoidable”. The panel captures learning outcomes and key actions required to reduce harm and to sustain improvement.

Falls



Lapses in care/avoidable falls during 2019/2020 have remained within a range of 22% - 36%. A thematic review has informed some specific areas for focus during 2020/21. These are detailed in a comprehensive quality improvement action plan that is monitored and reported quarterly via the Patient Safety Quality Board (PSQB).

Seven day MUST compliance



Since August 2019 WUTH has consistently achieved over and above the 95% compliance target for seven day MUST assessments.

During November 2019 WUTH commenced with the next phase of the MUST completion, within 24 hours of admission. In January 2020 the Trust started to formally report this with compliance results above the initial 90% target. A stretch target of 95% is to commence from April 2020.

24 hour MUST compliance	
January 2020	**96%**
February 2020	**94%**
March 2020	**95%**

Hospital Acquired Pressure Ulcers and Deep Tissue Injuries

From a deep dive into pressure ulcer reporting and management, a number of quality improvement measures were identified and have been progressed through the year with quarterly reporting to PSQB. A review of the quality improvement plan demonstrates a number of key achievements during 2019/20 which include:

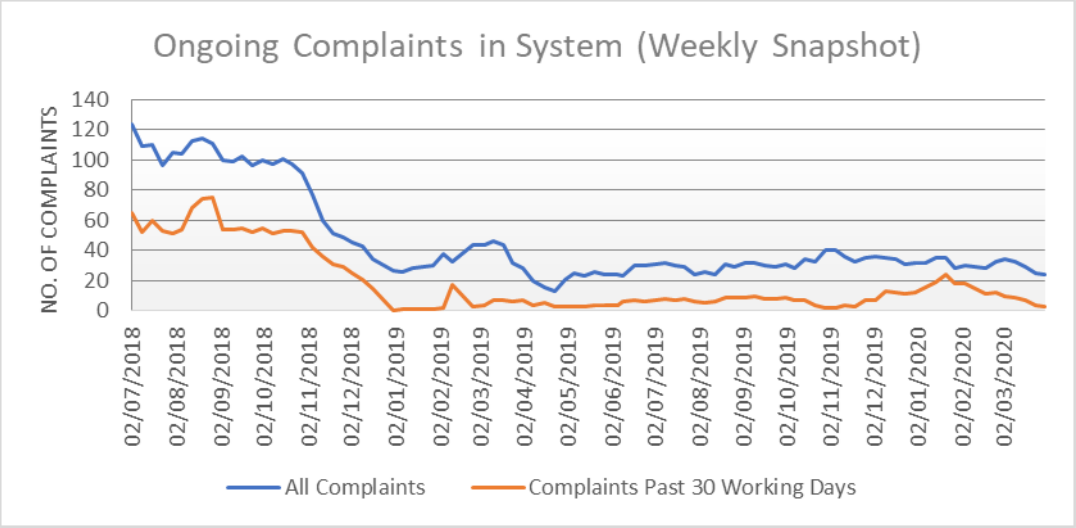
- Development of care bundles and monitoring of associated KPIs
- Introduction of falls and Braden assessments in the Emergency Department
- Introduction of harms panel to review pressure ulcers and identify themes for learning
- Development of business intelligence (BI) portal to show compliance of pressure ulcer care bundles
- Pressure ulcer component developed and incorporated into the ward accreditation programme (WISE).

The Trust reported 2 category 3 hospital acquired pressure ulcers and 2 category 4 hospital acquired pressure ulcers in 2019/2020. All were subject to a full investigation to identify the key areas for learning. The Trust is advancing a number of quality improvement actions to ensure the risk of patients developing skin pressure damage in hospital is significantly reduced.

Medical Engagement Survey

Outcomes of the 2019 Medical Engagement Survey (MES) reflected significant improvements across all measures focusing on improved Leadership Development and Culture. When compared with peers, seven of the MES scales were rated in line with the medium relative engagement band and three were rated in line with the high relative engagement band. An action plan has been developed, to not only support sustained improvement, but all also support those groups evidencing low levels of engagement.

Complaints



The Trust registered 190 formal complaints in 2019/20, which was a 32% reduction from the previous financial year. There was however, a 25% increase in informal concerns from 1,700 in 2018/19 to 2,118 in 2019/20. This shift in numbers from formal to informal is in line with the Trust's increased emphasis towards seeking to resolve concerns in a timely and responsive manner at an informal level, and to the patient or family's satisfaction.

The Trust has seen a number of improvements during the year 2019/20, as detailed in the table below, as well as having a strong focus on the quality of responses to ensure families are receiving an open and honest response within the agreed timeframe.

Comparative performance summary	**2018/19**	**2019/20**	**Percentage change**
Formal complaints registered	279	190	Down 32%
Informal concerns registered	1700	2118	Up 25%
Formal complaints acknowledged in three working days	88%	100%	Up 12%
Formal complaint responses sent within agreed timescale	40%	57%	Up 17%
Avg. response time to formal complaints	60 working days	37 working days	Down 38%
PHSO cases opened	14	13	Up 7% as a proportion of activity
PHSO completed investigations upheld or partially upheld	4 (40%)	2 (20%)	Down 50% as a proportion of activity

Ward Accreditation

Delivering high quality individualised, safe care to patients is a key priority of WUTH. In order to support this, the Trust has developed the WISE ward assessment and accreditation programme.

W – Wirral **I** – Individual **S** – Safe Care **E** - Every time.

This process is based on successful ward assessment and accreditation models currently being used across NHS hospitals and ensures local policies are accurately referenced and that compliance with newly developed "harm preventions inspections" is monitored.

Wards are assessed and scored using the ward accreditation scoring matrix. To date all general inpatient areas have been through the ward accreditation process at least twice with three wards being awarded level three status, one step away from achieving full WISE ward status. Nine of the wards inspected have increased by one level. Following each ward assessment and accreditation divisional teams create an action plan based on the fourteen domains of the WISE. This action plan is integrated with learning outcomes from self-inspections undertaken on Perfect Ward to form part of the wards overall improvement plan.

WISE ward accreditation has 14 domains and the Trust has seen an aggregated overall improvement in every domain compared to the previous year as reported in the table below

The table below identifies the average score in each domain of all wards accredited in the relevant year from the commencement of ward accreditation on 1 October 2018 to 31 March 2019 compared to 1 April 2019 - 31 February 2020 (Ward accreditation was suspended in February 2020 due to COVID-19). Areas with lower improvement scores such as environmental safety and pressure ulcers have been identified as the areas for inclusion into the Trusts quality improvement plans for 2020.

Average Accreditation Score	2018/19	2019/20	YoY Improvement
1. Organisation & Management	58.3%	66.6%	▲8.4%
2. Safeguarding	73.6%	83.5%	▲9.8%
3. Pain	89.6%	94.5%	▲4.9%
4. Patient Safety	80.2%	87.5%	▲7.3%
5. Environmental Safety	78.4%	79.1%	▲0.7%
6. Nutrition and Hydration	75.8%	78.0%	▲2.2%
7. End of Life	83.2%	84.2%	▲1.0%
8. Medications Management	72.5%	81.1%	▲8.6%
9. Personalised Care	86.2%	90.6%	▲4.4%
10. Pressure Ulcers	74.5%	78.1%	▲3.6%
11. Elimination	89.5%	94.8%	▲5.3%
12. Communication	75.3%	80.6%	▲5.3%
13. Infection Control	75.7%	82.8%	▲7.1%
14. Falls	73.6%	76.0%	▲2.4%
Number of Areas Audited	20	29	

Perfect Ward™

The Trust has sustained and embedded further inspections into its Perfect Ward™ inspection programme. The programme continues to provide the Trust with real time, high visibility assurance inspections created by clinical teams. Over 12,000 individual inspections have been undertaken across 57 clinical areas. Newly developed inspections include, Emergency Department harms prevention and children's and younger persons harms prevention inspections bringing the total number of inspection types to 40. Inspection results are now visible on the Trust business intelligence portal (BI iPortal) and are used by divisional clinical teams to support improvement.

Organisational Development and Workforce Strategy

2019/20 saw a continuation of the delivery of our Organisational Development Work Programme focused on Leadership, values and behaviours, engagement, valuing our workforce, learning organisation, healthy workforce and inclusion.

The Organisational Development Plan (2018-21) continued to make good progress, particularly around leadership and management development and succession planning and the inclusivity agenda, with the latter being recognised by CQC as outstanding practice. Our communications and engagement strategy has seen significant improvements in our communication channels and processes which were more important than ever with early actions related to the COVID-19 Pandemic and beyond.

More recently the Trust's People Strategy 2019-22 sets out the workforce ambitions aligned to the NHS Long Term Plan and Interim People Plan which includes a focus on education and multidisciplinary learning, enabling teams to grow and acquire new skills and developing a strong sense of trust with leaders and within teams. There is recognition that WUTH will need to transform the way its entire workforce work together. A focus on increased linear careers, multidisciplinary working and improved technology will enable our people to work to their full potential.

The People Strategy has been carefully designed to reflect national and regional direction for the future of the NHS workforce and embraces our Trust's values and behaviours. It is divided into six interdependent building blocks that underpin our future success and make our Trust a great place to work. These blocks are:

1. Culture and Values
2. Leadership and Management Development at every level
3. Engagement and creating the employee voice
4. Recruitment, retentions and creating a sustainable workforce
5. Securing the health and wellbeing of the workforce
6. Promoting Inclusion.

There has been significant success this year with our Diversity and Inclusion agenda hosting our first cross community transgender conference in July 2019 and achieving Navajo Charter Mark status and recognition through the Care Quality Commission and Achievement of a national Unsung Hero Award.

Mandatory training compliance at 31st March 2020 was just short of the KPI (90%) at 89.50%. Compliance with mandatory training and appraisals is monitored through our divisions and governance structure and this year we introduced a new Contribution Framework inclusion of our values and behaviours and talent process.

The Trust is committed to the health and wellbeing of its workforce and a new health and wellbeing plan was developed in 2019/20 supported by a Health and wellbeing lead role. This agenda became critical during the COVID-19 pandemic to support staff through counselling, healthy initiatives and much more. The Employee Assistance Programme, introduced in September 2019, provides staff access to a wide variety of support from counselling services, debt and legal advice as well as training. A successful winter flu campaign saw 82.8% of staff vaccinated.

Social, Community, Anti-bribery and Human Rights Issues

The Trust has policies in line with national guidance regarding *Bribery, Fraud & Corruption*, as well as the *Standards of Business Conduct Policy* (Managing Conflicts of Interest) which are available to, and binding on, all Trust staff.

The Trust continues to show commitment to the diversity and inclusion agenda and achievement of the Strategy for 2018-2022, with key objectives aligned to that of the national Equality Delivery System (EDS2), to achieve:

1) Better health outcomes for all
2) Improved patient access and experience
3) A representative and supported workforce
4) Inclusive Leadership.

The Trust fully embraces the provisions of the Equality Act 2010 and the requirements of the Public Sector Equality Duty (PSED) and is committed to the general duty requirements of:

- Eliminating unlawful discrimination, harassment and victimisation
- Advancing equality of opportunity
- Fostering good relations.

The Trust is also required to ensure compliance with equality legislation and national standards.

The organisation has ensured its compliance with key reporting requirements, including Workforce Race Equality Standards (WRES), Workforce Disability Equality Standards (WDES) and Gender Pay Gap Reporting, with annual reports accessible on the public section of the Trust's Diversity and Inclusion webpage https://www.wuth.nhs.uk/your-wuth/diversity-and-inclusion/ The Trust's action plan to support the implementation of WDES has been cited within NHS England's first WDES report.

Feedback from all reporting requirements is included within an overarching Diversity and Inclusion annual report and actions identified to improve. The Trust has a Diversity and Inclusion Steering Group that monitors progress with the action plan required to ensure achievement of the Trust objectives, and has regular update reports reviewed through the Workforce governance structure and Trust Management Board.

The Trust continues to show excellent progress towards achievement of objectives and seeking for new ways to engage with staff and seek improvements. This is evident in the continued high staff survey results that identify Equality, Diversity and Inclusion as above the national average with a score of 9.2.

The Diversity and Inclusion Steering Group were successful in winning the prestigious national Unsung Heroes Award this year, recognising the efforts of the team and variety of workstreams developed. Over the past year the Trust has continued to support its staff network groups including the Rainbow Alliance (LGBT+) staff network and network for staff with disabilities and long-term health conditions (WUTH Sunflowers).

The Trust held a ground-breaking Transgender, intersex and non-binary awareness conference, thought to be the first within the NHS, linking in with staff and community members and organisations, and launched the national NHS rainbow pin badge with over 1,800 staff pledging support for the initiative. The Trust achieved the Merseyside In-Touch Navajo Accreditation for the first time, which was highlighted by CQC assessors as an

outstanding area of note, as this confirmed the Trust's commitment and work undertaken to supporting LGBT+ people.

The Trust supports the Government's Disability Confident Scheme and is committed to improving support for staff with disabilities and long-term health conditions. A series of actions were completed and due for launch at the Trust's first Disability wellbeing event to be held March 2020. Unfortunately this had to be cancelled when the COVID-19 pandemic was declared. We aim to progress this matter as soon as practically possible. Actions include a new Disability and Long-Term Health Condition Policy and new supportive reasonable adjustment documentation and information. An enhanced monitoring process is scheduled for those with reasonable adjustment plans and new assistive read and write software to support a range of staff needs, particularly those with neuro-diverse conditions or low levels of literacy. The Trust is preparing to move to the next stage of the Disability Confident Employer Scheme during 2020/21.

The Trust continues to offer a number of LGBT+ staff and staff who have a disability or long-term health condition the opportunity to become mentors, specifically for those who also share the same protected characteristic, and has also commenced a reverse mentoring programme whereby staff across the Trust can be mentored by someone who holds a protected characteristic, so as to enable a greater sharing of lived experiences. The Trust also signed up to the Trade Union Congress (TUC) Dying to Work Campaign, which seeks to identify "terminal illness" as a protected characteristic. This was also cited as outstanding practice by CQC.

The Trust had sought to establish a Wirral and West Cheshire Black, Asian and Minority Ethnic (BAME) staff network during 2019/20 although work on this initiative was subsequently discontinued in agreement with other local trusts. However, a WUTH BAME staff network has been established for 2020/21. Such network groups are vital in capturing staff voices, offering support to staff and continue to assist the organisation in shaping the interventions in relation to inclusivity.

The Trust continues to enjoy well established working relationships and engagement activities with a range of local stakeholder groups and organisations which represent patients with protected characteristics including Healthwatch, the independent consumer champion. A number of these also have regular representation at our Patient and Family Experience Group and Patient Safety & Quality Board providing feedback on health and social care related issues, which can then be incorporated into service delivery that will support improvements in patient and family/carer experience.

The Trust has a 'Patient Experience Hub' and is staffed by members of the Patient Experience Team, together with representatives from Healthwatch and volunteers. The Patient Experience Hub continues to provide a highly visible and easily accessible location for patients, families, visitors and staff to access support. The "Hub" has an emphasis on timely local resolution of concerns to avoid concerns escalating to formal complaints and to ensure issues are managed in a timely manner. It is also a main focal point for hospital users to feedback on their experience within the hospital and our services. Enquiries can result in basic signposting, resolution of informal (Level 1) concerns and patient experience feedback. Plans were put in place for the area to be used as a Family Support Unit, creating a link between patients and their families at the outbreak of the COVID-19 pandemic.

Leadership and Culture

The Trust has developed a Leadership and Management Development Framework that sets out the learning offered and supported at all levels of the organisation. The Framework supports talent management and succession planning and is integrated into a new Contribution Framework (appraisal) process, with an additional focus on behaviours as well as performance and readiness for progression.

Our Organisational Development (OD) Plan 2018-21 focuses on leadership as one of its key themes. We have continued to provide leadership masterclasses with an emphasis on effective team-working in 2019/20. Our multidisciplinary Top Leaders Programme has now seen 4 cohorts since it was introduced in the latter part of 2018/19. From the Programme, we identified our aspirant talent and introduced the Shadow Board Programme this year for aspiring directors supported by the NHS Leadership Academy. We have seen staff at all levels undertaking leadership development from Foundations of Leadership through to Board Development to ensure we build the capacity and capability of our leaders. We have also introduced a new Effective Manager course targeted initially at ward managers as well as a suite of management modules to develop managerial capability. Both the Top Leader Programme and Effective Manager Programme are now approved by the Institute of Leadership and Management.

Our cultural improvement work continues supported by the OD Team. Cultural Reviews have been undertaken this year in a number of areas with improvement actions led by service areas with support of divisional leaders. We embedded our new values and behaviours into our systems and processes including recruitment, induction, performance management, training, communications and cultural support. Our anti-bullying and harassment campaign has seen Respect at Work training becoming a requirement for all staff and a new partnership group continues to monitor this.

Education

A full review of education provision at the Trust was undertaken in 2019/20, taking into consideration the OD implications of the NHS Long Term Plan based on the key areas within the NHS Plan. The review identified opportunities for service development such as strengthening talent management, nurse apprenticeships, widening participation schemes and embedding clinical supervision. We have provided a range of clinical education programmes through our clinical skills team as well a strong undergraduate and post graduate medical education programme. Our Practice Educator team support our learners in the workplace and we have increased practice education roles within Divisions this year.

The COVID-19 priorities in Quarter 4 2019/20, saw training focused on COVID-19 preparation with approximately 4,000 educational episodes completed as well as recruitment of a significant number of 5th Year medical students, 3 year student nurses and volunteers to provide additional workforce capacity.

The Library & Knowledge Service (LKS) continues to serve staff and students on placement at Wirral University Teaching Hospital NHS Foundation Trust, Clatterbridge Cancer Centre NHS Foundation Trust and Wirral Community Health and Care NHS Foundation Trust with all their Library and Knowledge requirements. This enables NHS

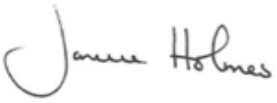
workforce members to freely access LKS services and support so that they can use the right knowledge and evidence to achieve excellent healthcare and health improvement across Wirral.

Services offered include:

- print and electronic information sources, databases and clinical decision making systems
- literature searching
- document supply
- academic support
    - bespoke training, including: Finding the Evidence, Critical Appraisal, Academic Writing, Reflective Writing, Computers for the Terrified
- Journal Clubs across a wide range of disciplines
- Promotion of research publications authored by Trust staff
- Pop up Library.

The LKS maintained its 99% compliance with the Health Education England Library Quality Assurance Framework.

The key issues and risks which could affect the Foundation Trust in delivering its objectives are covered within the Annual Governance Statement within this Annual Report.



Janelle Holmes
Chief Executive **Date: 24th June 2020**

Accountability Report - Directors' Report

Board of Directors - Role and Composition

The Board of Directors has collective responsibility for all aspects of the Trust's performance. The specific responsibilities of the Board include:

- setting the organisation's strategic aims, taking into consideration the views of the Council of Governors, and ensuring the necessary financial and human resources are in place to deliver the Trust's plans
- ensuring compliance with the Trust's Provider Licence, constitution, mandatory guidance and contractual and statutory duties
- providing effective and proactive leadership of the Trust within a robust governance framework of clearly defined internal controls and risk management processes
- ensuring the quality and safety of services, research and education, and application of clinical governance standards including those set by NHS England/Improvement, the Care Quality Commission, NHS Resolution and other relevant bodies
- setting and maintaining the Trust's vision, values and behaviour, ensuring that its obligations to stakeholders, including patients, members and the local community are met
- actively promoting the success of the organisation through the direction and supervision of its affairs.

The Board of Directors has established a governance structure which sets out how assurance and performance management is organised. This is supported by the Standing Orders, Standing Financial Instructions and a Scheme of Reservation and Delegation. Together they define the governance arrangements and decisions reserved for the Board, its Assurance Committees and those further delegated to management throughout the Trust.

In 2019/20 the Board comprised a non-executive chair, six independent non-executive directors and seven executive directors one of which was non-voting. Non-executive directors are generally appointed to a three-year term of office, with appointments staggered where possible.

The unitary nature of the Board of Directors means that non-executive and executive directors share the same responsibility and engage to constructively challenge decisions and help to develop proposals on strategy. There is a clear division of responsibilities between the Chair and the Chief Executive. The Chair is responsible for the leadership and effectiveness of the Board of Directors and the Council of Governors, ensuring that members of both bodies receive information that is timely, accurate and appropriate for their respective duties. It is also the role of the Chair to facilitate the effective contribution of all Directors, and for ensuring that constructive relationships exist between the Board of Directors and the Council of Governors. The Chief Executive is responsible for the performance of the Executive Directors, the day-to-day running of the Trust and the implementation of approved strategy and policies.

Non-Executive Directors

Sir David Henshaw
Chair

Sir David took up post as Chair from February 2019, prior to this he was interim Chair from March 2018. During his time as interim Chair Sir David was also the Chair of Alder Hey Children's Hospital. At the request of the regulator, Sir David has also undertaken the role of Interim Chair at a number of NHS Foundation Trusts.

Alongside his valuable experience within the health arena, Sir David has worked extensively in local government. He spent ten years at Knowsley Borough Council before being appointed as Chief Executive of Liverpool City Council, a role which he occupied for seven years. Sir David has undertaken a number of Non-Executive Director roles for a number of other public and private organisations including the Chair of Manchester Academy for Health Sciences and Non-Executive Director for Albany Investment PLC.

He was appointed Chair of National Museums Liverpool early in 2017 and Chair of Natural Resources, Wales from November 2018 and he is a Trustee at North Wales Heritage Trust.

John Sullivan
Non-Executive Director, Deputy Chairman and Chair of Workforce Assurance Committee

John was appointed as a Non-Executive Director in July 2015.

He has extensive international manufacturing, business change and HR experience at senior levels in ICI, Texaco Canada Inc, Ineos Chlor Ltd, Sanofi Aventis Ltd and Novartis Vaccines & Diagnostics Ltd. From 2013 to 2019 he provided management consultancy and executive coaching support to senior manufacturing and general management leaders in various industries.

John has been a Chartered Chemical Engineer for over 30 years and holds an MBA from York University, Toronto, Canada.

Steve Igoe
Non-Executive Director, Senior Independent Director, Chair of Audit Committee and Chair of Safety Management Assurance Committee

Steve was appointed as Non-Executive Director / Senior Independent Director in October 2018 and brings a wealth of experience to the Organisation. He was previously a Non–Executive Director and Senior Independent Director at Alder Hey Children's NHS Foundation Trust.

Steve is also the Deputy Vice-Chancellor of Edge Hill University where he has responsibility for the operational areas of Capital Projects, Financial Services, Human Resources, IT Services, Learning Services, Strategic Policy & Planning, and Facilities Management. He is also a Director of a number of Edge Hill's commercial enterprises.

He graduated with a first degree in Law from the University of Liverpool, he subsequently qualified as a Chartered Accountant in 1988 and went on to become a senior manager at PricewaterhouseCoopers, with specific expertise in project management and advising listed PLCs on Corporate Governance and Risk Management.

Sue Lorimer
Non-Executive Director and Chair of Finance Business Performance and Assurance Committee

Sue was appointed as a Non-Executive Director in July 2017. She has spent most of her career in NHS Finance, mainly in the provider sector and is an associate member of the Chartered Institute of Management Accountants. She took up her first Finance Director post in 1990 and has held Board level posts in a variety of NHS providers including ambulance, community and specialised services. She joined the NHS Trust Development Authority, (later NHS Improvement) when it was formed in 2013, taking the lead on provider Finance across the north of England.

Sue is a keen supporter of training and development and was a trustee of the Healthcare Financial Management Association for 9 years, taking the role of president in 2015.

John Coakley
Non-Executive Director and Chair of Quality and Safety Committee

John was appointed as a Non-Executive Director in July 2017. John retired in 2014 as Medical Director and Deputy Chief Executive of Homerton University Hospital NHS Foundation Trust, which he had held for 16 and 10 years respectively. Prior to that John was a Consultant Physician in Intensive Care Medicine.

John set up the first ICU follow up and bereavement clinic in London

and was awarded the OBE for contribution to the NHS in the Queen's Birthday Honours list in 2014.

He was also awarded a national Sliver Clinical Excellence Award by ACCEA in 2007 and renewed in 2011. John was an active researcher before his Consultant appointment and for several years after.

Chris Clarkson
Non-Executive Director

Chris was appointed Non-Executive Director in July 2018 and brings with him great knowledge and experience of technology developments and project management from his career in the Aerospace Industry.

Having held a number of senior executive level positions with BAE Systems, Chris has worked both nationally and internationally. His primary talents and interest are within the areas of technology development, project management and leadership where he has made many notable achievements.

Chris has a strong wish to support the community and the NHS through sharing his wealth of experience supporting the organisation and its dedicated workforce.

Jayne Coulson
Non-Executive Director

Jayne was appointed Non-Executive Director in July 2018 and brings with her great knowledge and business executive insight having worked in several blue chip organisations including BT, HSBC and Marks and Spencer. Jayne is also the Director of Service at Experian.

She has held a number of executive level positions across differing operational areas: HR, customer service and people development. Jayne's primary talents and interest sit within the areas of transformation and leadership, where she has made many notable achievements across several business areas.

Executive Directors

Janelle Holmes
Chief Executive

Janelle was appointed as Chief Executive in June 2018, having already spent two years at the Trust as Chief Operating Officer.

Janelle has worked in the NHS since qualifying as a Registered General Nurse in 1991. She is passionate about service improvement, staff development and whole system working to improve patient outcomes and experience.

Nikki Stevenson
Medical Director

Dr Nikki Stevenson joined the Trust in 2007 as a Consultant Physician in Respiratory & General (Internal) Medicine. In 2015 she became Clinical Service lead for Respiratory Medicine, and in 2018 was appointed Associate Medical Director for Medical and Acute Specialities.

She was appointed as Medical Director in October 2018 and was also appointed Deputy CEO in April 2020. She continues to undertake clinical work; both in respiratory outpatient clinics and by participating in the medical on-call rota.

Nikki is a trained mentor and coach with a keen interest in education, research and quality improvement.

Anthony Middleton
Chief Operating Officer

Anthony was appointed as Chief Operating Officer in June 2018 having previously held the post of Director of Operations. Prior to joining the Trust, Anthony had spent 30 years working in the Warrington and Manchester health systems.

Having started working in Finance through contracting and performance before transitioning into Operational management, including directing the day to day operations of some of Manchester's biggest hospitals.

Helen Marks
Director of Workforce

Helen has been in the HR field for over 30 years and has worked at Executive level for 18 years.

Having started in Local Authority over in Leicestershire, Helen moved into the NHS in 1999. Her health service experience spans commissioning, primary care, mental health and more recently acute provider.

As a qualified HR professional, Helen was awarded HR Director of the Year in 2013 at the Healthcare People Management Association (HPMA) Awards.

Matthew Swanborough
Director of Strategy & Partnership

Matthew Swanborough joined the Trust in November 2019. Prior to this, he was Director of Resilience at Manchester University NHS Foundation Trust. Matthew has also held a number of other operational roles at Manchester University Hospitals NHS Foundation Trust including Director of Operations at Manchester Infirmary and Trust Turnaround Director, directing the financial recovery programme.

Prior to this, Mathew worked as a Director of Healthcare Consulting at PricewaterhouseCoopers in Sydney, Australia, leading on service improvement, financial recovery and mergers with a range of public and private healthcare organisations.

Claire Wilson
Chief Finance Officer

Claire joined the Trust in January 2020 from Liverpool Heart and Chest NHS Foundation Trust where she was Chief Finance Officer (CFO) Prior to that appointment, Claire had been the Chief Finance Officer at NHS Bury Clinical Commissioning Group. During her career, Claire has worked in finance roles at a number of NHS organisations in the North West. She has also worked as Chief of Staff to the Chief Finance Officer for the NHS England national team. Claire is a trustee of the Healthcare Financial Management Association.

Having held a number of senior roles at local, regional and national level, Claire brings a wealth of financial experience and expertise to the work of the Board.

Hazel Richards
Chief Nurse

Hazel joined the Trust as Chief Nurse in January 2020. She joined us from her previous role as Director of Nursing for Integration at Liverpool University Hospitals Foundation Trust. Prior to this she was the Director of Nursing for Cheshire & Merseyside, NHS England for three years. Over the last decade, Hazel has held several Executive Director of Nursing posts in acute, mental health and community Trusts.

She has a strong track record of improving services for patients and staff, through her passion for patient and family centred care. In 2011, she was awarded the Florence Nightingale Leadership Scholarship which afforded her the opportunity to advance this work and study at Harvard Business School, USA.

Paul Moore
Director of Quality & Governance (Non-voting)/Acting Chief Nurse

Beginning as a registered nurse in emergency care, Paul Moore joined the organisation as the Director of Governance and Quality in July 2018. From July 2019 to December 2020 he was also Acting Chief Nurse.

Paul has spent many years in risk and quality, working at Sherwood Forrest, St. George's University Hospitals, Leeds Teaching Hospitals and South Manchester University Hospitals. He has a track record of improving safety management and strengthening the organisational approach to quality and governance.

Paul completed his engagement with the Trust in April 2020.

Karen Edge
Acting Director of Finance

Karen was Acting Director of Finance from February 2019 until December 2019.

Karen has over 14 years NHS experience and previously spent 13 years working at Mid Cheshire Hospitals NHS FT in senior finance positions. She sees the role as ensuring that the Trust has the right controls and processes in place to manage the public finances, as well as working with our clinical services and health economy partners to seek out continuous improvements for the patients that we serve.

Gaynor Westray
Chief Nurse

Gaynor was appointed Chief Nurse in 2016. She joined the Trust as a student nurse back in 1984 and spent her entire NHS career dedicated to caring for people at Wirral hospitals. After three years of nurse training, Gaynor became a Staff Nurse on the orthopaedic wards at Arrowe Park Hospital. Her hard work and commitment to patient care resulted in her being promoted to Ward Sister initially at Arrowe Park Hospital, then transferring to Clatterbridge Hospital.

Board Meetings and Attendance

The Board of Directors met on 11 occasions in 2019/20 in order to discharge its duties. A quorum was present at all of the meetings. Board member attendance at the meetings was as follows:

Director	Meeting Attendance Actual/ Possible
Sir David Henshaw (Chair)	10/11
John Sullivan (Deputy Chair)	11/11
Steve Igoe (Senior Independent Director)	8/11
John Coakley (Non-Executive Director)	10/11
Sue Lorimer (Non-Executive Director)	10/11
Chris Clarkson (Non-Executive Director)	10/11
Jayne Coulson (Non-Executive Director)	8/11
Janelle Holmes (Chief Executive)	11/11
Nicola Stevenson (Medical Director)	11/11
Anthony Middleton (Chief Operating Officer)	11/11
Helen Marks (Director of Workforce)	10/11
Paul Moore (Director of Quality & Governance -Non Voting, Acting Chief Nurse July ’19 to December ’19)	11/11
Karen Edge (Acting Director of Finance February ’19 to December ’19)	9/9
Matthew Swanborough (Director of Strategy & Partnership)	4/4
Hazel Richards (Chief Nurse)	1/2
Claire Wilson (Chief Finance Officer)	2/2
Gaynor Westray (Chief Nurse until July 2019)	3/3

Declarations of Interest

The Trust maintains a Register of Interests and the Board of Directors and Council of Governors review their respective registers on an annual basis to identify any potential conflicts of interest affected their day to day responsibilities. No such conflicts of interest have been identified. In 2019/20 the Chair had no significant commitments outside of the Trust that conflict or impact upon his ability to meet his responsibilities of the Trust.

The Registers of Interest for the Board of Directors and Council of Governors are available to the public on the Trust's website and can also be accessed on request by writing to the Board Secretary, Executives' Offices, Wirral University Teaching Hospital NHS Foundation Trust, Arrowe Park Hospital, Arrowe Park Road, Upton, Wirral, CH49 5PE.

Balance, completeness and appropriateness

In accordance with the requirements of the NHS Foundation Trust Code of Governance, the Board considers each of the Non-Executive Directors, including the Chair, to be independent in character and judgement and has identified no relationships or circumstances that are likely to affect, or appear to affect, their judgement. The Board endorsed this consideration at a meeting held on 24 June 2020. The criteria considered by the Board in determining the independence of the Non-Executive Directors were:

- Whether the individual had been an employee of the Trust within the last five years
- Whether the individual has, or has had within the last three years, a material business relationship with the Trust either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the Trust
- Whether the individual has received, or receives, remuneration from the Trust in addition to a Director's fee, participates in a performance-related pay scheme or is a member of the Trust's pension scheme
- Whether the individual has close family ties with any of the Trust's advisers, directors or senior employees
- Whether the individual holds cross-directorships or has significant links with other Directors through involvement in other companies or bodies
- Whether the individual has served on the Board of the Trust for more than six years from the date of their first appointment
- Whether the individual is an appointed representative of the Trust's university, medical or dental school.

Performance evaluation of the Board, its Committees and individual Directors is undertaken in a number of ways including annual review of its business cycle and periodic review of Committee Terms of Reference. At the conclusion of each meeting, the Board assesses the effectiveness of the meeting.

The Board believes that its members have a good balance of skills, experience and length of service, but also recognises the value of effective and timely succession planning. All Directors participate in an annual appraisal process which includes evaluation of their performance against objectives agreed at the beginning of each year. The Chair appraises all Non-Executive Directors and the Senior Independent Director appraises the Chair, taking into account the views of other Board members and members of the Council of Governors as part of this process. The outcomes from appraisals of the Chair and Non-Executive Directors are reported to the Nomination & Remuneration Committee of the Council of Governors. The Chief Executive appraises Executive Directors and the Chair appraises the Chief Executive. A report on outcomes of these appraisals is presented to the Nomination and Remuneration Committee of the Board of Directors.

Board of Directors Assurance Committees

The Board of Directors undertakes regular reviews to ensure that the Trust maintains a robust committee structure which enables it to fulfil its purpose and, as such, the Board delegates specific functions to its committees as outlined within their terms of reference.

During 2019/2020 the Board had the following Assurance Committees:

- Audit Committee (5 meetings a year)
- Finance Business Performance and Assurance Committee (bi-monthly meetings)
- Quality Committee (bi-monthly meetings)
- Workforce Assurance Committee (bi-monthly meetings)
- Safety Management Assurance Committee (quarterly meetings)
- Charitable Funds Committee (quarterly meetings)
- Remuneration and Appointments Committee (meetings held as required).

All Assurance Committees have access to legal services and resources required to discharge their respective responsibilities.

Assurance Committee Chair's Reports are presented to the Board of Directors following every committee meeting to provide a summary of the key areas of discussion and any resultant actions to be monitored by the committee. In addition the reports highlight items for escalation that require consideration and/or approval of the Board of Directors.

Audit Committee

The Audit Committee is established as an Assurance Committee of the Board of Directors and is a Non-Executive led Committee. Its purpose is to scrutinise the Trust's risk and assurance structure and processes to ensure they are effective and support all aspects of the Trust's business.

The Terms of Reference of the Committee were reviewed and updated in January 2019 in line with the Audit Committee Handbook and the Audit agenda was framed around the Committee Terms of Reference in order to provide assurance to the Board of Directors across a range of activities including corporate, clinical, financial risk, governance and management.

The Audit Committee met 5 times during 2019/20 in order to discharge its duties, all meetings have been quorate and a Chair's report was submitted to the Board of Directors following each meeting to outline the key areas of discussion and actions to be undertaken to address any issues identified. Attendance at the Committee meetings was as follows:

Committee Member	Attendance
Steve Igoe, Chair	4/5
John Sullivan	4/5
Jayne Coulson	2/5

Audit Committee members have met in private with both internal and external auditors and are committed to continuing with this practice.

The Audit Committee work programme for 2019/20 covered the following:

- Review of the effectiveness of the revised Board Assurance Framework management processes
- Review of the Risk Management System and Processes
- Review and recommendation of the Annual Report, Annual Accounts and Annual Governance Statement to the Board
- Review of compliance against the Trust's Provider Licence
- Review of risks and controls around financial management, including losses, special payments and financial assurance
- External Audit Reports including the review of effectiveness of the service which was undertaken as part of the private meetings with auditors and the constant review of the challenges facing the Trust and how Audit partners could support this
- Internal Audit Reports and follow up actions
- Anti-fraud work plans and performance data
- Review of Auditors opinion in regards to the 2018-19 financial statements.

The significant internal control issues identified as part of the Audit Committee's work together with the actions to address these are described in the Annual Governance Statement.

Specific significant issues discussed by the Audit Committee during 2019/20

The Committee discussed a number of significant accounting issues for the year ended 31 March 2020. These included the following key risks identified by the external auditor in relation to the impact of the COVID-19 pandemic.

- Financial uncertainty due to the impact of COVID-19 on the reserves and financial health of the Trust and consideration of additional disclosures around Going Concern
- Increased uncertainty surrounding the valuation of property, plant and equipment (PPE) and assumptions made by valuers.
- Increased uncertainty surrounding management estimates regarding the collectability of receivables
- Adequate disclosure of COVID-19 impacts, critical judgements and material uncertainties in the financial statements.
- The impact of remote working requirements and staff redeployment on the quality and timing of accounts production, and the ability of audit to obtain necessary evidence.

The above items represent audit risks which are inherent to most, if not all, reporting organisations and the Committee was content that these matters would not have an adverse impact in relation to audit work on the 2019/20 financial statements.

Going concern papers were presented and approved at the Committees held in January and April 2020. They set out the basis for management's going concern presumption, including the interpretation of the requirements of the accounting standards and manuals, and management's resulting judgements. As identified in the going concern disclosures in this Annual Report, a material uncertainty was identified, and mitigations were discussed and approved.

The Trust's land and buildings (including dwellings) at 31 March 2020 are valued at £138.0m, representing a significant balance on the Statement of Financial Position. As discussed in Note 1 to the accounts, valuation is an area of critical judgement and estimation uncertainty. The Audit Committee has discussed and approved the Trust's annual cycle of revaluation (with full revaluation every 5 years). A desktop valuation exercise at 31 March 2020 was carried out for the Trust by Cushman and Wakefield, independent experts in the field, following a full revaluation exercise undertaken at 31 March 2019.

In response to government social distancing policy the Trust accelerated investment in remote working solutions in March and finance staff were able to work from home, or work in a safe environment within Trust property. The Trust also took advantage of additional time made available in a revised NHSI year-end process to produce draft accounts one week later than planned pre-COVID-19. New remote working solutions, in particular Microsoft Teams, supported the audit which was carried out remotely allowing the audit team live visibility of Trust financial systems where needed for audit testing.

Other financial assurance

A number of Internal Audits were undertaken during the year including a review of financial systems, integrity and reporting. This review generated a *substantial* assurance opinion, defined as "a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently", providing the committee with assurance as to the figures for the year that have been included within the financial statements.

Operations

There is a standing item on the Audit Committee agenda to consider matters of escalation from other Assurance Committees of the Board of Directors.

Compliance

The Audit Committee reviews on a quarterly basis compliance against the Provider Licence and each licence provision is RAG rated. In year the review identified two provisions rated as RED, G6 and FT(4). This relates to the NHS Improvement 'undertakings' identified in February 2018 and the breach of Section 111(5)(A) of the Health & Social Care Act 2012.

Audit Committee priorities for 2020/21

- Monitor progress towards “true” financial sustainability
- Seek greater assurance from the Finance Business Performance and Assurance Committee on the outcome of the Use of Resources Assessment and the Value for Money Conclusion
- Revision of the Trust’s review of compliance with its Provider Licence
- Review how the Trust begins to embed a streamlined Board Assurance Framework across the organisation and thereby improve its ability to mitigate risk
- Review and monitor progress of recommended actions identified during audits to ensure compliance and improvements embedded
- Ensure that the clinical audit programme has the same gravitas for the Committee as the internal audit plan
- Oversight of the effectiveness of the Trust’s risk management arrangements particularly focusing on the management and mitigation of risks at an operational level
- Review and oversight of ‘Managing Conflicts of Interest’ processes and declarations
- Oversight of the effectiveness of the Trust’s Governance arrangements
- Procurement processes including review of tender waivers
- Quality matters particularly focusing on infection prevention and control.

Internal Audit

Internal Audit Services, which include an Anti-Fraud service, were provided by Mersey Internal Audit Agency (MIAA) during 2019/20. The main purpose of the Internal Audit Service is:

- To provide an independent and objective opinion to the Accountable Officer, the Board and the Audit Committee on the degree to which risk management, control and governance support the achievement of the organisation’s agreed objectives; and
- The provision of an independent and objective consultancy service specifically to assist the Trust’s management to improve the organisation’s risk management, control and governance arrangements.

The service each year is based on a risk-assessed audit plan, which is approved by the Audit Committee. The plan is delivered by appropriately qualified and trained Internal Auditors led by a nominated Audit Manager. The 2019/20 Internal Audit Plan was delivered in accordance with the schedule agreed with the Audit Committee at the start of the financial year, including approved plan variations. The total cost for the service during 2019/20 was £73,085.

Countering Fraud and Corruption

Counter Fraud services are provided by MIAA. The Trust’s Anti-Fraud Specialist (AFS) regularly attends the Committee to update on anti-fraud activity, ongoing cases and progress against the work plan agreed by the Audit Committee. The Anti-Fraud Services Annual Report for 2019/20 was considered by the Audit Committee on 1 April 2020. The

Audit Committee noted the assurance provided by the outcomes of a Self-Assessment against the Standards for Providers issued by the NHS Counter Fraud Authority with just one of the 23 standards amber-rated and the remainder either green-rated or neutral.

External Audit

External Audit services were provided throughout 2019/20 by Grant Thornton UK LLP having been appointed as the Trust's External Audit provider by the Council of Governors in 2015/16 on a three-year contract with the option to extend for a further two years. The option to extend was taken up and the Trust plans to re-tender the service in 2020/21. The fees for the 2019/20 annual audit were £51,400, excluding irrecoverable VAT.

The External Audit Provider did not undertake any non-audit work during the 2019/20 reporting period.

Quality Governance Reporting

The Trust has a quality governance and assurance structure which has been formally approved by the Board of Directors. The Quality Committee is recognised as the key Board Assurance Committee which monitors performance in quality and patient experience. This Annual Report also outlines how the Trust has managed a range of quality and safety issues/initiatives as follows:

Performance Report – this section outlines how the Trust performed against key access targets and where this was not achieved, the actions being taken to improve performance in 2020/21.

The Staff Report – this section highlights the work undertaken to improve engagement, the key results from the NHS Staff Survey 2019 and the response by the Trust and key performance data and metrics.

The Annual Governance Statement – this outlines how the Trust has maintained a sound system of internal control.

NHS Improvement's Well-led Framework

NHS Improvement published its Well-Led Framework in June 2017. The Framework provides a means for trusts to undertake developmental reviews in order to assess their arrangements for effective leadership and governance. The Framework is based on eight Key Lines of Enquiry (KLOE), consistent with those used by the Care Quality Commission for inspection purposes, and outcomes of periodic reviews inform the content of Board-owned development plans to enhance practice, as appropriate, across the range of KLOE subject areas. There is an expectation that trusts will undertake annual development review activities, with the scope determined by the Board of Directors, with an independent external validation being undertaken every three years.

Outcomes of the last external review commissioned by the Trust, carried out by Deloitte LLP, were reported in 2016/17. The basis for this review pre-dated the revised Well-Led Framework published by NHS Improvement in June 2017. The Trust was subject to inspection by the Care Quality Commission in 2018 which resulted in a rating of 'Inadequate' for the Well-led element of the inspection. The Trust subsequently commissioned the Advancing Quality Alliance (AQuA) to deliver development sessions based on the Well-led Framework in advance of the next CQC inspection. A further inspection was undertaken by the CQC in October/November 2019 which resulted in an improved rating of 'Requires Improvement' for the Well-led element as reported in March 2020.

The Trust plans to complete a comprehensive self-assessment against all elements of each of the eight KLOE by 30 September 2020 with outcomes to be consolidated with any relevant outcomes from the latest CQC inspection to form a comprehensive Board-owned Well-led development plan. We will then commission an external review to take place during an appropriate time during 2021/22 to test and validate self-assessment outcomes. There are no material inconsistencies between the Annual Governance Statement, the Corporate Governance Statement, and the Annual Report.

HM Treasury cost allocation and charging guidance

The Trust has complied with the cost allocation and charging guidance issued by HM Treasury.

Policy on the payment of suppliers

It is the Trust's policy to follow the Better Payment Practice Code (BPPC), which gives NHS organisations a target of paying 95% of invoices within 30 calendar days of the receipt of either goods or a valid invoice (whichever is later), unless other payment terms have been agreed.

BPPC performance, including invoices with 'other payment terms', is shown below.

	2019/20		2018/19	
	Number	£000	Number	£000
Non-NHS				
Trade invoices paid in the period	83,427	218,893	87,346	209,541
Trade invoices paid within target	68,573	181,013	69,430	180,853
Percentage of trade invoices paid within target	82.2%	82.7%	79.5%	86.3%
NHS				
Trade invoices paid in the period	3,378	41,949	2,620	41,522
Trade invoices paid within target	2,006	33,646	1,831	35,773
Percentage of trade invoices paid within target	59.4%	80.2%	69.9%	86.2%

The Trust also discloses performance based solely on invoices with '30 calendar days' terms, as follows:

	2019/20		2018/19	
	Number	£000	Number	£000
Non-NHS				
Trade invoices paid within 30 days	62,388	176,099	45,965	110,439
Trade invoices paid or should have been paid within that 30 day period	80,254	217,912	63,313	138,604
Percentage of trade invoices paid within 30 days	77.7%	80.8%	72.6%	79.7%
NHS				
Trade invoices paid within 30 days	2,006	33,646	1,831	35,773
Trade invoices paid or should have been paid within that 30 day period	3,378	41,949	2,620	41,522
Percentage of trade invoices paid within 30 days	59.4%	80.2%	69.9%	86.2%

When suppliers present invoices for payment which do not reference a purchase order (PO) number, payment is necessarily delayed in line with the Trust's best practice *'No PO, No Pay'* policy, which therefore contributes to continuing BPPC underperformance. BPPC will continue to be a focus of attention in 2020/21.

There has been one payment of interest in 2019/20 (one in 2018/19) under the Late Payment of Commercial Debts (Interest) Act 1998, as disclosed in Note 11.2 to the accounts. This payment was for £1,455 (£735 in 2018/19). For both 2019/20 and 2018/19, the debts were not paid within 30 days, no compensation was paid, and no amounts related to NHS payables.

Fees and charges (income generation)

During the year, the Trust received income in relation to fees charged for car parking and catering, against which costs were incurred, and the full cost exceeded £1 million.

Totals relating to these arrangements are disclosed in the table (below).

	2019/20 £000	**2018/19 £000**
Income	3,148	3,139
Full Cost	(3,140)	(3,113)
Surplus	8	26

Income for the purposes of the health service in England

Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) requires that the income from the provision of goods and services for the purposes of the health service in England (principal) must be greater than its income from the provision of goods and services for any other purposes (non-principal). The Trust has met this statutory requirement. Non-principal income is used to provide additional funding for the Trust. It is directly reinvested in the delivery of high quality NHS services.

Statement of disclosure to auditors

Each of the Trust Directors (excluding those who have resigned during the financial year):

- is not aware of any relevant audit information of which the Trust's auditors are unaware

- has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

Janelle Holmes
Chief Executive **Date: 24th June 2020**

Remuneration Report

Senior Managers' Remuneration Policy

The Trust does not apply performance-related pay conditions to Executive Directors' or Non-Executive Directors' remuneration and no formal policy exists in setting the remuneration of either Executive Directors or Non-Executive Directors. The Trust is required to report what constitutes the senior managers' remuneration policy in tabular format set out below:

Components of Remuneration Package of Executive and Non-Executive Directors	Basic pay in accordance with their contract of employment (executive) and letters of appointment (non-executive)
Components of Remuneration that is relevance to the short and long term Strategic Objectives of the trust	The directors do not receive any remuneration linked to achievement of the Trust's Strategic Objectives.
Explanation of how the Components of Remuneration operate	Basic pay of the executive directors is determined by the Board nominations and remuneration committee, taking into account past performance, future objectives, market conditions and relevant national guidance. Basic pay of the non-executive directors is determined by the Governor nominations and remuneration committee.
Maximum amount that could be paid in respect of the component	Maximum payable is the director's annual salaries as determined by the relevant nominations and remuneration committees.
Explanation of any provisions for recovery	If an individual is overpaid in error, there is a contracted right to recover overpayment.

The Trust had 2 senior managers whose salary was above the threshold of £150,000, used in the Civil Service, during 2019/20. In determining the salary levels, the Trust took into account the market rates for equivalent roles, its ability to secure the skills it required and the risks posed in not recruiting into these positions. The Trust also sought and received advice and guidance from NHS Improvement before appointing to the posts.

Remuneration and Appointments Committee

This Committee comprises the Non-Executive Directors and is chaired by the Trust Chair. Its purpose is to decide the pay, allowances and other terms and conditions of the Executive Directors and of staff who are not on national terms as well as consider the appointments of Executive Directors as their posts become vacant.

Members of the Committee had no financial interest in the matters to be decided. The Chief Executive, Director of Workforce and the Board Secretary normally attended meetings in 2019/20, except where their own salaries or performance were discussed. The Committee met on six occasions during the year to consider:

- the cost of living uplift for Executive Directors and those staff not covered under agenda for change, uplifts in line with NHS Improvement guidance for Very Senior Managers (VSM);
- Chief Executive and Executive Director's objectives for the forthcoming year;
- the recruitment processes for the Director of Strategy & Partnership; Chief Nurse, Chief Finance Officer and the Chief Information Officer;
- a Mutually Agreed Resignation Scheme (MARS), as defined in Agenda for Change Terms and Conditions (section 20 of the National Terms and Conditions of Service Handbook);
- a pension contribution alternative reward policy for senior NHS staff;
- the extension to the fixed term contract of the Director of Workforce;
- the early retirement of the Chief Nurse and subsequent 'Acting Up' arrangements.

Attendance at Remuneration and Appointments Committee Meetings in 2019/20

	Meeting Attendance Actual / Possible
Sir David Henshaw, Chair	5/6
John Coakley	6/6
Sue Lorimer	6/6
John Sullivan	6/6
Chris Clarkson	6/6
Jayne Coulson	2/6
Steve Igoe	5/6

Directors' and governors' expenses

Expenses paid to directors and governors include all business expenses arising from the normal course of business of the Trust and are paid in accordance with Trust policy. The total amount of expenses reimbursed to 7 directors during the year was £8,059 (13 directors, £7,500 in 2018/19). In 2019/20, 17 directors and non-executive directors were in office (23 in 2018/19).

The total amount of expenses reimbursed to 3 governors during the year was £679 (6 governors, £1,100 in 2018/19). In 2019/20, 19 governors were in office (20 in 2018/19).

Remuneration disclosures which are subject to audit

The following disclosures up to and including *Hutton review of fair pay* are subject to audit.

Salaries and benefits of senior managers

	2019/20				2018/19			
	Salary & fees (in bands of £5,000) £000	**Taxable benefits** (to the nearest £100) £	**Pension-related benefits** (in bands of £2,500) £000	**Total** (in bands of £5,000) £000	**Salary & fees** (in bands of £5,000) £000	**Taxable benefits** (to the nearest £100) £	**Pension-related benefits** (in bands of £2,500) £000	**Total** (in bands of £5,000) £000
Janelle Holmes Chief Executive	175 -180	4,600	37.5 - 40	215 - 220	160 -165	4,000	155 - 157.5	320 - 325
Dr Nicola Stevenson Medical Director (from October 2018)	190 - 195	0	270 - 272.5	460 - 465	75 - 80	0	147.5 - 150	225 - 230
Hazel Richards Chief Nurse (from January 2020)	30 - 35	1,000	12.5 - 15	45 - 50	n/a	n/a	n/a	n/a
Gaynor Westray [2] Chief Nurse (to July 2019)	30 - 35	1,200	0	30 - 35	115 - 120	3,800	0	115 - 120
Claire Wilson Chief Finance Officer (from January 2020)	30 - 35	1,000	0	35 - 40	n/a	n/a	n/a	n/a
Karen Edge [1] Acting Director of Finance (to December 2019)	80 - 85	0	40 - 42.5	120 - 125	30 - 35	0	47.5 - 50	75 - 80
Anthony Middleton Chief Operating Officer	130 - 135	4,000	42.5 - 45	180 - 185	125 - 130	4,000	172.5 - 175	300 - 305
Helen Marks [3] Executive Director of Workforce	125 - 130	11,100	n/a	135 - 140	115 - 120	10,700	n/a	125 - 130
Paul Moore Director of Governance & Quality Improvement (to July 2019) Acting Chief Nurse and Director of Governance & Quality Improvement (from July 2019 to December 2020) Director of Governance & Quality Improvement (from January 2020)	115 - 120	0	22.5 - 25	140 - 145	75 - 80	0	47.5 - 50	125 - 130
Matthew Swanborough Director of Strategy and Partnership (from November 2019)	45 - 50	1,600	7.5 - 10	55 - 60	n/a	n/a	n/a	n/a
Paul Charnley [1] Director of IT and Information (to June 2018)	n/a	n/a	n/a	n/a	20 - 25	1,000	25 - 27.5	45 - 50
Gareth Lawrence Acting Director of Finance (from December 2017 to April 2018)	n/a	n/a	n/a	n/a	5 - 10	0	30 - 32.5	40 - 45
David Jago Director of Finance (from June 2018 to January 2019) Acting Chief Executive (from December 2017 to June 2018) Director of Finance (to December 2017)	n/a	n/a	n/a	n/a	115 - 120	3,400	n/a	120 - 125

[1] This officer was no longer deemed to be a 'senior manager' beyond the stated dates. They remained employed by the Trust thereafter, and they were employed by the Trust as at 31 March 2020.

[2] This officer was no longer deemed to be a 'senior manager' beyond the stated dates. They remained employed by the Trust thereafter, but they were not employed by the Trust as at 31 March 2020.

[3] This officer opted out of the pension scheme in February 2018. They made no contributions to the scheme in 2018/19 or 2019/20.

Continued on next page

Salaries and benefits of senior managers (continued)

	2019/20				2018/19			
	Salary & fees (in bands of £5,000) £000	**Taxable benefits** (to the nearest £100) £	**Pension-related benefits** (in bands of £2,500) £000	**Total** (in bands of £5,000) £000	**Salary & fees** (in bands of £5,000) £000	**Taxable benefits** (to the nearest £100) £	**Pension-related benefits** (in bands of £2,500) £000	**Total** (in bands of £5,000) £000
Dr Mark Lipton Acting Medical Director (from June 2018 to October 2018)	n/a	n/a	n/a	n/a	70 - 75	0	n/a	70 - 75
Dr Susan Gilby Medical Director (to May 2018)	n/a	n/a	n/a	n/a	30 - 35	700	35 - 37.5	65 - 70
Carole Self Director of Corporate Affairs (to May 2018)	n/a	n/a	n/a	n/a	60 - 65	700	0	60 - 65
Terry Whalley Director of Strategy (to May 2018)	n/a	n/a	n/a	n/a	15 - 20	0	52.5 - 55	70 - 75
Natalia Armes Director of Transformation and Partnerships (from September 2018 to February 2019)	n/a	n/a	n/a	n/a	40 - 45	0	n/a	40 - 45
Sir David Henshaw Chairman (from March 2018)	45 - 50	0	n/a	45 - 50	60 - 65	0	n/a	60 - 65
John Coakley OBE Non-Executive Director	10 - 15	0	n/a	10 - 15	10 - 15	0	n/a	10 - 15
Christopher Clarkson Non-Executive Director (from July 2018)	10 - 15	0	n/a	10 - 15	10 - 15	0	n/a	10 - 15
Jayne Coulson Non-Executive Director (from July 2018)	10 - 15	0	n/a	10 - 15	10 - 15	0	n/a	10 - 15
Steve Igoe Non-Executive Director (from October 2018)	15 - 20	0	n/a	15 - 20	5 - 10	0	n/a	5 - 10
Susan Lorimer Non-Executive Director	10 - 15	0	n/a	10 - 15	10 - 15	0	n/a	10 - 15
John Sullivan Non-Executive Director	15 - 20	0	n/a	15 - 20	15 - 20	0	n/a	15 - 20
Graham Hollick Non-Executive Director (to November 2018)	n/a	n/a	n/a	n/a	5 - 10	0	n/a	5 - 10

[1] This officer was no longer deemed to be a 'senior manager' beyond the stated dates. They remained employed by the Trust thereafter, and they were employed by the Trust as at 31 March 2020.

[2] This officer was no longer deemed to be a 'senior manager' beyond the stated dates. They remained employed by the Trust thereafter, but they were not employed by the Trust as at 31 March 2020.

[3] This officer opted out of the pension scheme in February 2018. They made no contributions to the scheme in 2018/19 or 2019/20.

Unless otherwise indicated, all of the listed senior managers were in post for the twelve month period to 31 March 2020. The tables include remuneration only for the period during which each individual was deemed to be a senior manager, and includes remuneration for duties that are not specifically part of the senior management role.

The element of the Medical Director's remuneration above includes both remuneration for their management role as Medical Director, and remuneration for their clinical role as a Consultant Respiratory Physician. The element included which relates to their clinical role is in the range £115k - £120k.

Taxable benefits relate to a vehicle scheme which forms part of some executives' remuneration, and the payment of accommodation costs for the Director of Workforce. No annual performance-related bonuses or long term performance-related bonuses were paid during the period.

Pension-related benefits represent the value of pension benefits accrued during the year and are 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. The value derived does not represent an amount that will be received by the individual. It is a calculation that is intended to provide an estimation of the benefit being a member of the pension scheme could provide. The pension benefit table below provides further information on the pension benefits accruing to the individual.

During 2019/20 the Chief Nurse took early retirement in the interest of the efficiency of the service. As part of the departure a payment of £60k was made by the Trust to NHS Pensions to enable the early drawdown of pension benefits. No payments were made to past senior managers other than those related to ongoing employment, where applicable.

Pension benefits of senior managers

	2019/20							2018/19						
	Real increase in pension at pension age (bands of £2,500) £000	Real increase in pension lump sum at pension age (bands of £2,500) £000	Total accrued pension at pension age at 31 March 2020 (bands of £5,000) £000	Lump sum at pension age related to accrued pension at 31 March 2020 (bands of £5,000) £000	Cash equivalent transfer value (CETV) at 1 April 2019 (to the nearest £1,000) £000	Real increase in CETV (to the nearest £1,000) £000	CETV at 31 March 2020 (to the nearest £1,000) £000	Real increase in pension at pension age (bands of £2,500) £000	Real increase in pension lump sum at pension age (bands of £2,500) £000	Total accrued pension at pension age at 31 March 2019 (bands of £5,000) £000	Lump sum at pension age related to accrued pension at 31 March 2019 (bands of £5,000) £000	Cash equivalent transfer value (CETV) at 1 April 2018 (to the nearest £1,000) £000	Real increase in CETV (to the nearest £1,000) £000	CETV at 31 March 2019 (to the nearest £1,000) £000
Janelle Holmes Chief Executive	2.5 - 5	0	50 - 55	150 -155	946	58	1,052	5 - 7.5	30 - 32.5	45 - 50	150 - 155	687	215	946
Dr Nicola Stevenson Medical Director	12.5 - 15	30 - 32.5	55 - 60	130 - 135	755	226	1,034	2.5 - 5	5 - 7.5	40 - 45	100 - 105	533	70	755
Hazel Richards Chief Nurse (From January 2020)	0 - 2.5	0 - 2.5	45 - 50	105 - 110	735	11	816	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Gaynor Westray [2] Chief Nurse (to July 2019)	0 - 2.5	0 - 2.5	45 - 50	140 - 145	955	2	1,001	0 - 2.5	0 - 2.5	45 - 50	135 - 140	821	92	955
Claire Wilson Chief Finance Officer (from January 2020)	0	0 - 2.5	30 - 35	75 - 80	510	0	521	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Karen Edge [1] Acting Director of Finance (to January 2020)	0 - 2.5	2.5 - 5	20 - 25	35 - 40	333	35	402	0 - 2.5	0 - 2.5	15 - 20	30 - 35	250	9	333
Anthony Middleton Chief Operating Officer	2.5 - 5	0 - 2.5	55 - 60	130 - 135	890	42	972	7.5 - 10	17.5 - 20	50 - 55	125 - 130	632	221	890
Helen Marks [3] Executive Director of Workforce	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Paul Moore Director of Governance & Quality Improvement (to July 2019) Acting Chief Nurse and Director of Governance & Quality Improvement (from July 2019 to December 2020) Director of Governance & Quality Improvement (from January 2020)	0 - 2.5	0	40 - 45	100 - 105	553	153	734	0 - 2.5	0 - 2.5	35 - 40	95 - 100	547	0	553
Matthew Swanborough Director of Strategy and Partnerships (from November 2019)	0 - 2.5	0	5 - 10	0 - 5	64	1	85	n/a	n/a	n/a	n/a	n/a	n/a	n/a

[1] This officer was no longer deemed to be a 'senior manager' beyond the stated dates. They remained employed by the Trust thereafter, and they were employed by the Trust as at 31 March 2020.

[2] This officer was no longer deemed to be a 'senior manager' beyond the stated dates. They remained employed by the Trust thereafter, but they were not employed by the Trust as at 31 March 2020.

[3] This officer opted out of the pension scheme in February 2018. They made no contributions to the scheme in 2018/19 or 2019/20.

Continued on next page

Pension benefits of senior managers

	2019/20							2018/19						
	Real increase in pension at pension age (bands of £2,500) £000	Real increase in pension lump sum at pension age (bands of £2,500) £000	Total accrued pension at pension age at 31 March 2020 (bands of £5,000) £000	Lump sum at pension age related to accrued pension at 31 March 2020 (bands of £5,000) £000	Cash equivalent transfer value (CETV) at 1 April 2019 (to the nearest £1,000) £000	Real increase in CETV (to the nearest £1,000) £000	CETV at 31 March 2020 (to the nearest £1,000) £000	Real increase in pension at pension age (bands of £2,500) £000	Real increase in pension lump sum at pension age (bands of £2,500) £000	Total accrued pension at pension age at 31 March 2019 (bands of £5,000) £000	Lump sum at pension age related to accrued pension at 31 March 2019 (bands of £5,000) £000	Cash equivalent transfer value (CETV) at 1 April 2018 (to the nearest £1,000) £000	Real increase in CETV (to the nearest £1,000) £000	CETV at 31 March 2019 (to the nearest £1,000) £000
Paul Charnley [1] Director of IT and Information (to June 2018)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0 - 2.5	0	0 - 5	0	34	0	67
Dr Susan Gilby Medical Director (to May 2018)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0 - 2.5	0 - 2.5	50 - 55	155 - 160	1,037	16	1,219
Carole Self Director of Corporate Affairs (to May 2018)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	15 - 20	45 - 50	298	4	338
Gareth Lawrence Acting Director of Finance (from December 2017 to April 2018)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0 - 2.5	0	15 - 20	30 - 35	181	3	235
Terry Whalley Director of Strategy (to May 2018)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0 - 2.5	0	10 - 15	0	86	6	140

[1] This officer was no longer deemed to be a 'senior manager' beyond the stated dates. They remained employed by the Trust thereafter, and they were employed by the Trust as at 31 March 2020.

[2] This officer was no longer deemed to be a 'senior manager' beyond the stated dates. They remained employed by the Trust thereafter, but they were not employed by the Trust as at 31 March 2020.

[3] This officer opted out of the pension scheme in February 2018. They made no contributions to the scheme in 2018/19 or 2019/20.

Non-Executive Directors do not receive pensionable remuneration. Other directors disclosed in the *Salaries and benefits* table, who do not appear in the *Pensions benefits* table, are not in receipt of workplace pension benefits. All pension benefits relate to the NHS Pension Scheme.

NHS Pensions are still assessing the impact of the McCloud judgement in relation to changes to pension benefits in 2015. The benefits and related CETVs disclosed do not allow for any potential future adjustments that may arise from this judgement. During the year, the Government announced that public sector pension schemes will be required to provide indexation on the Guaranteed Minimum Pension element of the pension. NHS Pensions has updated the methodology used to calculate CETV values as at 31 March 2020. The impact of the change in methodology is included within the reported real increase in CETV for the year.

Cash equivalent transfer values

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 (or other allowable beneficiary's) pension payable from the scheme. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

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

Hutton review of fair pay

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. In this context, the median is defined as the total remuneration of the staff member who lies in the middle of the linear distribution of staff, excluding the highest paid director. The highest paid director is, at 31 March, a 'senior manager' as defined previously in this *Remuneration report.*

The banded remuneration of the Trust's highest paid director (Medical Director) in the financial year 2019/20 was £185k to £190k (2018/19 £175k to £180k). This was 6.9 times (2018/19 6.5 times) the median remuneration of the workforce, which was £27,198 (2018/19 £27,127).

In 2019/20 14 employees received remuneration in excess of the highest paid director (2018/19 22 employees). Their remuneration in 2019/20 ranged from £237k to £395k (2017/18 £177k to £374k). In both years, these employees were all medical staff and the

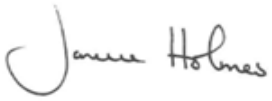
pay figures do not reflect actual paid salary, but rather, the calculated annualised, full-time equivalent salary as described below.

Total remuneration includes salary, non-consolidated performance-related pay if applicable and benefits-in-kind. It does not include severance payments, employer pension contributions or the cash equivalent transfer value of pensions. As in previous years, temporary agency staff have been excluded from the calculations. The calculation methodology is kept the same so that the 2019/20 results are comparable with those in previous years.

In this *Fair pay* section, remuneration figures are based on the annualised, full time equivalent remuneration at 31 March, and they therefore may vary from *actual annual pay* per individual. In particular, the actual 2019/20 salary and taxable benefits of the senior manager who held the office of Medical Director as at 31 March 2020 is disclosed within the *Salaries and benefits* table of the *Remuneration report* as being higher than the banded remuneration within this disclosure, as their pay included an element of pay arrears relating to the prior year.

The year-on-year increase in the ratio is driven by the effect of an increase the highest paid director's pay band. Summary results are included in the table below.

	2019/20	**2018/19**
Band of highest paid director's renumeration (£000)	185 - 190	175 - 180
Median total (£)	27,198	27,127
Ratio	6.9	6.5



Janelle Holmes
Chief Executive **Date: 24th June 2020**

Staff Report

The Trust's Employees

The number of whole time equivalents (WTE) employed by the Trust during 2019/20 (as at March 2020) was 5211.29 WTE and the total number of employees was 6258 (Headcount). The following table provides a more detailed breakdown of our employees by WTE and Headcount for 2019/20 (as at March 2020). This is broken down by the number of male and female employees and by staffing groups**.**

	Female		Male		Total WTE	Total Headcount
Staff Group	WTE	Headcount	WTE	Headcount		
Add Prof Scientific and Technic	166.60	186	60.95	66	227.55	252
Additional Clinical Services	926.01	1117	155.29	169	1081.30	1286
Administrative and Clerical	767.08	900	225.37	237	992.45	1137
Allied Health Professionals	240.73	312	56.55	59	297.29	371
Estates and Ancillary	347.83	623	244.13	296	591.96	919
Healthcare Scientists	78.68	92	42.64	44	121.32	136
Medical and Dental	190.12	210	242.82	255	432.94	465
Nursing and Midwifery Registered	1334.30	1552	132.18	140	1466.48	1692
Grand Total	**4051.36**	**4992**	**1159.93**	**1266**	**5211.29**	**6258**

Analysis by gender

	Female	Male	Total
Board of Directors	7	8	15
Other Senior Managers	210	70	280
Consultants	100	167	267
Other staff	4675	1021	5696

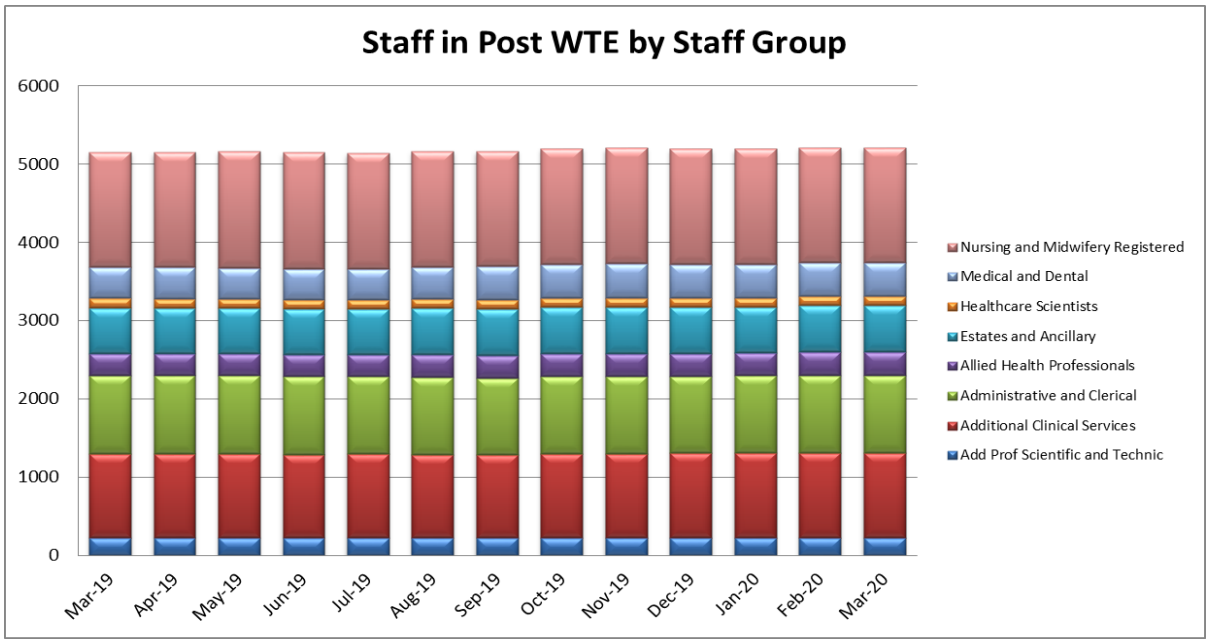
Analysis of average staff numbers

Employee category	Permanently employed	Other	2019/20 Total	Permanently employed	Other	2018/19 Total
Medical and dental	588	67	655	402	216	618
Administration & estates	1,040	35	1,075	684	29	713
Healthcare assistants and other support staff	1,657	160	1,817	1,971	148	2,119
Nursing, midwifery and health visiting staff	1,439	102	1,541	1,450	76	1,526
Scientific, therapeutic and technical staff	385	18	403	380	17	397
Healthcare science staff	251	8	259	242	7	249
Other	-	7	7	-	6	6
Total average staff numbers	5,360	397	5,757	5,129	499	5,628
of which						
Number of employees engaged on capital projects	20	-	20	27	-	27

The average number of employees is calculated as the whole time equivalent number of employees under contract of service in each week of the financial year, divided by the number of weeks in the financial year. Staff on external secondment are not included in the table above.

The *Other* category (column) in the above table represents agency and contract staff, and bank staff.

The *Other* category (row) in the above tables includes non-executive directors and engagements without a permanent employment contract, including agency / temporary staffing and inward secondments from other organisations.



The Trust has a total vacancy rate of 6.43%. For our nursing staff it is 9.74% and for our medical and dental workforce 6.81%. However, for consultant medical staff we have a vacancy rate of 5.31%. The Trust continues to be committed to reduce vacancy rates with a focus on recruitment and retention initiatives and we have seen the recruitment service brought back in house from 1/4/20.

We increased our volunteer workforce and opportunities for work experience in 2019/20 and will continue to grow this group as potential future workforce as well as growing our workforce through apprenticeships and new roles.

Analysis of staff costs

	Permanently employed	Other	2019/20 Total	Permanently employed	Other	2018/19 Total
Salaries and wages	201,655	12,810	214,465	194,780	9,948	204,728
Social security costs	18,395	311	18,706	17,830	-	17,830
Apprenticeship levy	925	12	937	890	-	890
Employer's contributions to the NHS Pension Scheme	32,545	194	32,739	21,441	-	21,441
Employer's contributions to the National Employment Savings Scheme (NEST)	65	-	65	39	-	39
Agency / contract staff	-	7,774	7,774	-	9,352	9,352
Total average staff numbers	253,585	21,101	274,686	234,980	19,300	254,280

Staff policies and actions applied during the financial year

The Trust has various workforce policies and procedures in place which are reviewed and updated on a regular basis. In 2019/20 the Trust commenced work on developing a refreshed policy to support attendance and this was introduced in August 2019. This included the use of the Bradford Factor tool which assists in identifying high levels of intermittent sickness absence to allow a more focused approach to certain frequent absentees. In addition the Trust introduced an Employee Assistance Programme (EAP) to offer a range of health and wellbeing support to employees including a free 24/7 confidential advice line with access to a counselling service. The Trust also commenced a 6 month pilot of "First Care", (an external sickness absence management company) to work in the hotel services and estates division.

Apart from the EAP, additional support was also put in to address absences related to musculo-skeletal problems by way of an internal fast-track referral process to the physiotherapy department. Despite this multi-pronged approach, sickness absence continued to rise month on month and was averaging around 6%. However, from around October 2019 the HR Services Team began a sustained push to reduce absence which included the Executive Director and Deputy Director reviewing all sickness absence cases with the relevant HR Business Partners on a monthly basis. We implemented return to work plans in each and every case and in January 2020 brought in additional resources to the HR Services Team to offer regular chasing of absence reviews and more proactive case management. By February 2020 we started to see a reduction in absence cases to just over 5% across the Trust and in some divisions this was nearer 4%. The supporting attendance policy is again under review and a revised version is currently being negotiated with the Trades Unions.

To address some concerns about culture and bullying in the 2018 staff survey, the Trust set up a Respect at Work Group consisting of senior HR staff and staff side Unions. This group, which meets monthly, undertook a review of all B&H grievances that had occurred in 2018 to identify trends and lessons learned. This work is ongoing but has been temporarily suspended due to the COVID-19.

The Trust's disciplinary and grievance policies have also come under some scrutiny and it is our intention to carry out a root and branch review of them both. The Trust responded to

the recommendations of the Amin Abdullah enquiry by establishing a task and finish group to introduce improved people practices into all our HR policies. The Trust also took account of the new and emerging lessons being learned from the "Just & Learning Culture" materials (developed by Sidney Dekker 2012 and Merseycare NHS Trust 2018). This work is ongoing but has been suspended by the COVID-19 pandemic for the time being.

In terms of the grievance policy there will be a new emphasis on resolution rather than dispute and the Trust has begun to invest more in ACAS training for mediators. Training has already been arranged to take place in summer 2020.

The Trust continues to enjoy good and productive Employment Relations with all of the recognised trades unions and see partnership working as essential to progress. Both the Executive Director and Acting Deputy of HR Services meet the Unions on a regular basis and there is a commitment to openness, transparency and co-operation.

Freedom to Speak Up Guardians

The Trust continues to work towards improving the speaking up culture in line with recommendations and guidance from the National Guardians Office. The organisation currently has two 'Freedom to Speak Up' guardians with plans to recruit two more in 2020/21.

We launched a network of Freedom to Speak Up (FTSU) Champions on 1st March 2020 to support FTSU Guardians and the wider Trust by promoting key messages around the importance of speaking up and signposting staff to key contacts and support, including FTSU Guardians as necessary. The Trust is continuing to identify and develop staff interested in widening this network.

The Trust records data for staff who have spoken up to FTSU Guardians and this data is monitored with regular reports produced through the workforce governance structure and also to the Trust management board. Over the past year the Trust has seen a significant improvement in the number of staff speaking up, increasing from 46 people in 2018/19 to 106 people in 2019/20. Whilst a significant increase, this is seen as a positive increase due to the work undertaken to promote speaking up and also takes into consideration a large number of people who spoke up within one area during quarter 3. Actions have been identified within the area concerned and will continue to be monitored.

The Trust has seen a reduction in the number of anonymous reports it has received and a positive increase in the variety of occupational groups now accessing the FTSU Guardians, along with access across all Divisions.

Compliance with FTSU training programmes has increased, with e-learning available for level 1 and face to face sessions delivered for managers / supervisors (level 2). As recommended by the National Guardians office, the Trust has developed and delivered level 3 FTSU programme for Board members and Governors.

The Trust has improved its recording and reporting information so that enhanced monitoring can be undertaken to provide greater levels of assurance on progress with the

FTSU agenda. It has also been peer reviewed by the FSTU Regional Chair / FTSU Guardian at Alder Hey and positive feedback received. A further more detailed review of the policy and processes will be conducted within 2020/21.

Sickness Absence

The Trust currently has a 94.05% attendance rate, over a rolling 12 month period. This has reduced from 94.90% in 2018/19. National sickness absence data is published through NHS Digital and is available through the link provided below:
https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

It should be noted that at the point of producing the Annual Report, data is only available up to the end of January 2020 due to the national response to COVID-19.

Staff Engagement

Wuhan / Cruise Liner Staff Engagement

On the morning of 31st January 2020, 83 British nationals arrived in the UK from Wuhan, China and were transferred to Arrowe Park in the Wirral. They were joined by 11 more on 22nd February and Arrowe Park became the first quarantine unit in the UK since 1978. Daily bulletins were sent out to staff when the repatriated guests from Wuhan and the Diamond Princess cruise liner were with us. There were also daily staff briefings held in the Lecture Theatre of the Education Centre. A set of frequently asked questions (FAQ) was compiled from briefings and this fed into the daily bulletins.

A COVID-19 section was set up on the intranet with the development of Personal Protective Equipment advice and Public Health England (PHE) advice. A COVID-19 advice section was set up on the public website with advice from PHE. The staff bulletin was placed on the public website as we were sharing this openly and Arrowe Park became the focus of global media attention.

A daily bulletin was produced by the Communications Team for the guests in the accommodation with information they might need and with input and agreement from partner organisations each day including Wirral Council, PHS, Community Trust, CCG, Merseyside Police and NHS England. The Wirral healthcare and social care system was deeply involved in the response and the unique guests were looked after and treated with great care, to the credit of our staff and those of our partners, including the accommodation provider.

Value and Branding

A huge amount of engagement was carried out over 6 months with staff and the public to develop the Vision, Values and Behaviours. Engagement workshops were held with staff across the Trust and face to face surveys were carried out with over 2,000 members of the public and staff. This strong element of participation ensured that our vision and values

were grounded in staff feedback and ideas. Booklets with the Vision, Values and Behaviours were designed and sent out to all staff.

Materials with the new vision branding were handed out on wards as part of face-to-face engagement after the launch. A suite of branded documents was produced and a set of guidelines specific to the Vision were developed. The next phase is to embed the Vision, Values and Behaviours through further engagement activity and to ensure alignment with other processes such as recruitment and appraisals.

Other innovations in staff engagement have been the development of a staff 'Ideas Board' and direct feedback via an electronic 'Ask the Senior Team' facility. The Trust charity has also supported staff engagement by sharing out the many and generous donations from the public and we have consistently highlighted the messages of grateful thanks from the public to show appreciation for the work of our staff and their commitment to caring for patients.

Leaders as Communicators – Leaders in Touch Forum

A monthly 'Leaders In Touch' forum was introduced in February 2020. Around 500 leaders in the organisation are invited and are able to hear from the Chief Executive and other Executive Directors on important issues e.g. COVID-19, strategy, reset plans to return to delayed elective work and the staff survey. This is a two-way forum with participants encouraged to raise questions and contribute to discussion.

A briefing document is subsequently circulated across the Trust after the event which provides a summary of matters discussed. Leaders are expected to cascade information from the forum to their teams – and to feedback any questions.

2019 National Staff Survey

Some 2,265 (38% of staff) colleagues filled in the survey, which was open to all colleagues. Out of 85 Trusts in England, the average response rate was 47% so we had a below average response rate but still a satisfactory data set from which to draw conclusions and develop an action plan.

There were 11 key themes in the survey results. We scored better than we did last year in nine of those themes while in two themes we scored the same. In a number of cases our scores also moved up towards the high performance end of the scale.

A presentation to staff was held about the results, which can be seen here.

https://www.wuth.nhs.uk/your-wuth/wuth-staff-health-wellbeing/staff-engagement/nhs-staff-survey/staff-survey-results-2019/

The survey was promoted in the weekly bulletin, on social media, on the staff website banner, a news article on the staff website and on the screen savers. It was also publicised in the staff magazine which was physically delivered to wards. The

Communications and Engagement Team promoted the staff survey face to face by visiting all wards and via promotional materials, including a prize draw.

The timing of the survey results and the subsequent COVID-19 pandemic though has inevitably meant that action planning is delayed, but many of the themes like staff wellbeing and engagement have been picked up in COVID-19 response and it's a real credit to staff that they have worked through such challenging times of late and given of their best for their patients.

	2019/20		2018/19		2017/18		2016/17	
	Trust	Benchmarking Group	Trust	Benchmarking Group	Trust	Benchmarking Group	Trust	Benchmarking Group
Equality, diversity and inclusion	9.2	9.0	9.2	9.1	9.2	9.1	9.4	9.2
Health and wellbeing	5.7	5.9	5.6	5.9	6.0	6.0	6.2	6.1
Immediate managers	6.7	6.8	6.4	6.7	6.5	6.7	6.7	6.7
Morale	6.1	6.1	5.9	6.1	NA	NA	NA	NA
Quality of appraisals	5.4	5.6	5.1	5.4	5.0	5.3	5.2	5.3
Quality of care	7.4	7.5	7.3	7.4	7.3	7.5	7.6	7.6
Safe environment – bullying and harassment	7.8	7.9	7.7	7.9	8.2	8.0	8.1	8.0
Safe environment – violence	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4
Safety culture	6.5	6.7	6.3	6.6	6.5	6.6	6.5	6.6
Team-working	6.3	6.6	6.2	6.5	6.3	6.5	6.6	6.5
Staff engagement	6.8	7.0	6.7	7.0	6.9	7.0	6.9	7.0

Whilst it is disappointing that the Trust is below the national average in 8 of the 11 themes and we recognise that there is much more to be done to improve, it should be noted that the Trust has improved in 9 themes, remained the same in 2 and is better than the average for Equality, Diversity and Inclusion.

The organisation has committed to its staff through feedback sessions about what the Trust is doing to improve in all areas, specifically targeting the following:

1. <u>Equality / Diversity and Inclusion</u>
   Diversity and inclusion management will continue to deliver on aims set out in the Diversity and Inclusion Strategy to include staff network groups and a focus on supporting staff with disabilities and BAME Staff.

2. <u>Health and Wellbeing</u>
   A new Health and Wellbeing Plan that underpins the delivery of our People Strategy 2019-22 will continue to focus on attendance, mental, physical and environmental health of our staff. A strong and valuable focus was placed on the health and wellbeing agenda during COVID-19 in Quarter 4 and will continue to be a priority with additional support related to PTSD and a post COVID-19 development support package.

3. Immediate Managers
We will continue to invest in the development of leaders and managers to ensure we create stronger leadership and management skills as well as a talent pipeline throughout the Trust. This will include new ways of training delivery in 2020 that take a blended approach to education, including the maximisation of technology.

4. Morale
We will review our reward and recognition schemes that underpin our core values so that our staff feel valued for what they do. We will focus on career structures, supporting education and development and showcasing best practice.

5. Quality of Appraisals
Following the introduction of our new appraisal process (Contribution Framework) in 2019, we will be reviewing the impact of this to ensure our appraisals of of a good quality and meaningful for our staff.

6. Quality of Care
There have been many measures introduced around the Quality agenda and many improvements have been highlighted via our Patient Safety Quality Board. The Ward Accreditation Programme will be reviewed to ensure the effectiveness of quality measures.

7. Safe Environment – Bullying & Harassment
The Trust operates a zero tolerance approach to any form of bullying and harassment and anti-bullying training is in place for all staff. The Trust actively encourages all staff to report any incidences and will act on any concerns raised. We will be increasing our Freedom to Speak Up arrangements with the roll out of a champions network and additional Guardians this year.

8. Safe Environment – Violence
The Trust operates a zero tolerance approach in relation to violence and aggression towards its staff. The incident reporting system records and monitors actions taken in relation to these incidents. In addition there is conflict resolution training which covers de-escalation and Physical Intervention training which is now part of the Role Specific training matrix. Compliance with this training will be monitored to support staff and patient safety.

9. Safety Culture
The Trust has continued to develop its systems for monitoring and improving safety. In 2019 we launched both a Health and Safety improvement plan and were successfully awarded RoSPA Gold achievement award. The achievement of the award was as a result of an organisation effort where staff; managers; senior leaders and union representatives came together to promote the importance of Health and Safety management for our staff; patients and everyone who access our services. The Quality Strategy was also launched. Quality pioneers from across the Trust received training to develop the skills needed to support improvements and to promote a continually strengthening positive safety culture. Furthermore the Trust continues to support openness and transparency with regular safety summits held where staff can share learning from incidents and concerns raised to colleagues and active monitoring of Duty of Candour to patients continues.

10. Staff Engagement

Regular communication such as the monthly In-Touch staff magazine, active staff social media channels, proactive media releases continue to be embedded within the organisation. A new Leaders In-Touch Forum has been introduced for communications and engagement and opportunities for employee voice and pulse checks will be developed. We have seen an improvement in medical engagement which has been recognised by the CQC.

11. Teamworking

In line with our People Strategy and our core values, we will focus on team development and exploring ways for teams to learn and develop together.

Trade Union Facility Time disclosure

Facility time is time off from an individual's job, granted by the employer, to enable a representative to carry out their trade union role. In some cases, this can mean that the Union Representative is fully seconded into a Union/Staff side role, from their regular job, enabling them to work full time on trade union tasks.

Facility time covers duties carried out for the trade union or as a health and safety representative or union learning representative. In most cases this means, for example, accompanying an employee to disciplinary or grievance hearings, attending partnership working group meetings, assisting with Job Matching and consistency checking procedures under Agenda for Change processes. It also covers training received and duties carried out under the Health and Safety at Work Act 1974.

In accordance with The Trade Union (Facility Time Publication Requirements) Regulations 2017 which took effect on 1 April 2017 the table below has been collated and represents the main staff facility time afforded at WUTH in the year. There may be very small additional ad hoc time that has also been granted which is not quantifiable.

Number of Employees who were relevant Union Officials during 2019/2020	**9**
Whole Time Equivalent number of employees	**3.92**
Percentage of full-time (i.e. 37.5 hrs per week spent on Union Duties:	
100%	**2**
75%	**0**
50%	**0**
20%	**3**
Less than 20%	**4**
0%	**1**
Total cost of facility time at WUTH	**£106,469**
Percentage of total pay bill spent on Union facility time	0.04%

Expenditure on consultancy

Total expenditure on consultancy during 2019/20 was £0.4m (£0.2m 2018/19).

Off-payroll arrangements

The Trust is required to report on its highly paid and/or senior off-payroll engagements. The tables below meet the disclosure requirements.

Table 1: For all off-payroll engagements as of 31 March 2020, for more than £245 per day and that last for longer than six months.

Number of existing engagements as at 31 March 2020	14
Of which	
Number that have existed for less than one year at time of reporting	8
Number that have existed for between one year and two years at time of reporting	5
Number that have existed for between two years and three years at time of reporting	1
Number that have existed for between three years and four years at time of reporting	0
Number that have existed for between four or more years at time of reporting	0

The Trust has robust contractual agreements with agencies and intermediaries, through which it engages off-payment workers. These contracts confer an explicit obligation on the agencies to undertake an assessment, and calculate and deduct tax.

Table 2: All new off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and that lasted longer than six months.

Number of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	1
Of which	
Number assessed as within the scope of IR35	1
Number assessed as not within the scope of IR35	0
Number engaged directly (via PSC contracted to Trust) and are on the Trust's 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

Table 3: For any off-payment engagements of Board members, and/or senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020

Number of off-payroll engagements of Board members, and/or senior officials with significant financial responsibility, during the year	0
Number of individuals that have been deemed 'Board members and/or senior officials with significant financial responsibility' during the financial year, including both off-payroll and on-payroll engagements	0

There have been no off-payroll engagements for members of the Board of Directors in 2019/20.

Exit packages

Foundation trusts are required to disclose summary information of staff exit packages which have been agreed in the year. This section is subject to audit.

Exit package cost band (including any special payment element)	2019/20 Number of complulsory redundancies Number	2019/20 Number of other departures agreed Number	2019/20 Total number of exit packages by cost band Number	2018/19 Number of complulsory redundancies Number	2018/19 Number of other departures agreed Number	2018/19 Total number of exit packages by cost band Number
< £10,000	-	29	**29**	-	21	**21**
£10,001 - £25,000	1	2	**3**	-	3	**3**
£25,001 - £50,000	-	3	**3**	-	2	**2**
£50,001 - £100,000	1	1	**2**	1	-	**1**
£100,001 - £150,000	1	-	**1**	-	-	**-**
Total number of exit packages	**3**	**35**	**38**	**1**	**26**	**27**
Total resource cost (£000)	**245**	**312**	**557**	**76**	**198**	**274**

There were three compulsory redundancies in 2019/20, and one in 2018/19. In 2019/20, 11 of the 'other departures' were as a result of dismissal (9 cases 2018/19), and a further 7 were voluntary resignation (7 cases 2018/19). A further 13 cases comprised pay in lieu of notice relating to ill-health retirement (4 cases 2018/19). Ongoing costs related to ill-health retirements are met by NHS Pensions and are not included in this disclosure.

The following table details the number and value of non-compulsory exit packages agreed in the year. The expense associated with these departures may have been recognised in part or in full in a previous period.

	2019/20 Agreements Number	2019/20 Total value of agreements £000	2018/19 Agreements Number	2018/19 Total value of agreements £000
Voluntary redundancies including early retirement contractual costs	2	68	1	33
Contractual payments in lieu of notice	1	60	-	-
Contractual payments in lieu of notice	33	148	25	148
Exit payments following employment tribunals or court orders	1	36	-	-
Non-contractual payments requiring HMT approval	-	-	1	17
Total average staff numbers	**37**	**312**	**27**	**198**

A single exit package can be made up of several components, each of which will be counted separately in the above table, whereas the first table details individual departures. Non-contractual exit packages require HM Treasury pre-approval. No such payments were made in 2019/20.

Gender Pay Gap

Gender pay gap legislation introduced in April 2017 requires that UK employers with 250 employees or more publish data about their gender pay gap on an annual basis. The

Trust published its third report based on data as at March 2019 and is compliant with the relevant legislation.

The 2019 gender pay gap report highlights an improvement again this year in the overall mean gender pay gap between male and female colleagues, which has reduced from 22.9% to 21.6%. Whilst there is therefore still a gap in favour of males, the results do fall below the NHS national average of 23% and are continuing to reduce year on year. There has however been an increase in the median gender pay gap from 3% to 6.1% although the % still remains low.

The Trust continues to have higher levels of female colleagues (79% female and 21% male employees) across all pay quartiles. Whilst there continues to be lower levels of female employees in the highest pay quartile positions, numbers have increased since reporting commenced in 2017.

2019 data also identified a further increase in the mean bonus pay gap from 33.3% to 37.5% both in favour of male colleagues. This relates mainly to clinical excellence awards (CEA) and discretionary points and can be correlated to the number of male consultants who have additional service with the Trust and are therefore at a higher level of award this year. The percentage increase is also more significant due to the low number of staff involved. There are new changes to employer based awards whereby awards will be subject to a review and awarded for a limited time period. This may therefore result in future improvements of the pay gap going forwards.

There continues also to be a lower proportion of female employees (0.6%) accessing bonus pay (CEA) as opposed to 6.1% for male employees. On closer inspection, it has been identified that the percentage of female applicants is higher, yet success rate for CEA's is lower, therefore specific actions have been identified by the Trust in order to ensure improvements. These actions include:

- Removal of personal information from applications
- Panel of assessors to review applications, including members of the Executive Team
- Specific engagement with female consultants to review feedback received and offer additional support as necessary
- 'Springboard' personal development programme for women.

Whilst the bonus pay gap has increased again this year, a number of steps have been taken by the Trust to ensure any potential bias is removed from the application process and to support the increases in the number of female applicants who are successful for clinical excellence awards.

The full report and findings are available on the Diversity and Inclusion public section of the website, https://www.wuth.nhs.uk/media/14008/31-march-2019-gender-pay-gap-report.pdf in addition, the report is available through the cabinet office https://gender-pay-gap.service.gov.uk/Employer/2Kxmx2VR/2019

NHS Foundation Trust Code of Governance Disclosures

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

The Code requires NHS foundation trusts to make a full disclosure on their governance arrangements for the financial year 2019/20. The Code also requires the Board to explain how the main principles and supporting principles of the Code have been applied. Information that satisfies this requirement can be found throughout the Annual Report and Accounts document. The table below sets out the sections of the Code of Governance where the Trust is required to provide specific disclosures.

Code provision	Trust position	Comply or explain?
A.1.1 The Board of Directors (Board) should meet sufficiently regularly to discharge its duties effectively. There should be a schedule of matters specifically reserved for its decision. The schedule should include a clear statement detailing the roles and responsibilities of the Council of Governors (Council). This statement should also describe how any disagreements between the Council and Board will be resolved. The annual report should include this schedule of matters or a summary statement of how the Board and Council operate, including a summary of the types of decisions to be taken by each and which are delegated to the executive management of the Board. These arrangements should be kept under review at least annually.	*In 2019/20 the Board of Directors met formally on 11 occasions and met as a workshop on 5 occasions. Matters reserved for the Board, including the types of decisions it takes and which are delegated to committees and executive management, are included in a comprehensive Scheme of Reservation & Delegation.* *The general duties of governors are stated in the Trust's constitution. Matters for which the Council of Governors is responsible are outlined in the Council of Governors section of this report.* *A general statement on the handling of disputes is contained in the Trust's constitution.*	**Comply**
A.1.2 The annual report should identify the Chair, Deputy Chair, Chief Executive, Senior Independent Director (SID) and the Chair and members of the Nominations, Audit and Remuneration Committees. It should also set out the number of meetings of the Board and those committees and individual attendance by directors.	*This information is provided in the following sections:* • *Director's report – page 38* • *Audit Committee report – page 47* • *Board of Directors pen portraits – page 39* • *Remuneration report – page 55*	**Comply**
A.5.3 The annual report should identify the members of the Council, including a description of the constituency or organisation that they represent, whether they were elected or appointed, and the duration of their appointments. The annual report should also identify the nominated lead governor. A record should be kept of the number of meetings of the Council and the attendance of individual Governors and it should be made available to members on request.	*Full details of Governors and their terms of appointment are included in the Council of Governors section on page 81.*	**Comply**

Code provision	Trust position	Comply or explain?
B.1.1 The Board should identify in the annual report each Non-Executive Director (NED) it considers to be independent. The Board should determine whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. The Board should state its reasons if it determines that a director is independent despite the existence of relationships or circumstances which may appear relevant to its determination.	*The independence of each NED is reviewed on appointment and reassessed annually.* *All NEDs are required to annually submit a self-declaration and provide details of any conflict of interest.*	**Comply**
B.1.4 The Board should include in its annual report a description of each director's skills, expertise and experience. Alongside this, in the annual report, the Board should make a clear statement about its own balance, completeness and appropriateness to the requirements of the Trust. Both statements should also be available on the trust's website.	*Board of Directors pen portraits - page 39*	**Comply**
B.2.10 A separate section of the annual report should describe the work of the nominations committee/s, including the process it has used in relation to Board appointments. The main role and responsibilities of the nominations committee should be set out in publicly available, written terms of reference.	*Remuneration Report – page 55 and 83* *The Committees' terms of reference are available on request from Board Secretary at andrea.leather@nhs.net*	**Comply**
B.3.1 For the appointment of a Chair, the nominations committee should prepare a job specification defining the role and capabilities required including an assessment of the time commitment expected, recognising the need for availability in the event of emergencies. A Chair's other significant commitments should be disclosed to the Council before appointment and included in the annual report. Changes to such commitments should be reported to the Council as they arise, and included in the next annual report. No individual, simultaneously whilst being a Chair of a Foundation Trust, should be the substantive Chair of another Foundation Trust.	*There is a current Role Description for the Chair which has been approved by the Council of Governors (most recently updated in January 2019). Future appointment would require the approval of the Council of Governors on recommendation of the Governor Nomination & Remuneration Committee. The significant commitments of those recommended for appointment as Chair are disclosed to the Council before appointment.* *Disclosure of Chair's (and other Directors) other significant commitments is recorded on register of interests and can be reviewed on the Trust's website. The Annual Report references how the public can gain access to the Register of Interests, and this meets the requirement of the FT Annual Reporting Manual.* *The Chair serving during the year has not been the substantive Chair of another Foundation Trust during his tenure.*	**Comply**

Code provision	Trust position	Comply or explain?
B.5.6 Governors should canvass the opinion of the trust's members and the public, and for appointed governors the body they represent, on the trust's forward plan, including its objectives, priorities and strategy, and their views should be communicated to the Board. The annual report should contain a statement as to how this requirement has been undertaken and satisfied.	*Council of Governors section – page 80* *Board of Directors section – page 38*	**Comply**
B.6.1 The Board should state in the annual report how performance evaluation of the Board, its committees, and its directors, including the Chair, has been conducted, bearing in mind the desirability for independent assessment, and the reason why the Trust adopted a particular method of performance evaluation.	*Board of Directors – page 46*	**Comply**
B.6.2 Evaluation of the Board should be externally facilitated at least every three years. The evaluation needs to be carried out against the Board leadership and governance framework set out by Monitor. The external facilitator should be identified in the annual report and a statement made as to whether they have any other connection to the Trust.	*Board of Directors section (within the Well-led Framework) – page 51*	**Non-Compliant**
C.1.1 The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the trust's performance, business model and strategy. There should be a statement by the external auditor about their reporting responsibilities. Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report).	*Director's report – page 38* *Auditors report – page 107* *Annual Governance Statement – page 90*	**Comply**
C.2.1 The Board should maintain continuous oversight of the effectiveness of the trust's risk management and internal control systems and should report to members and governors that they have done so. A regular review should cover all material controls, including financial, operational and compliance controls.	*An annual review of the system of internal control is conducted on the instruction of the Trust's Audit Committee by internal auditors.* *Audit Committee report – page 47* *Annual Governance Statement – page 90*	**Comply**

Code provision	Trust position	Comply or explain?
C.2.2 A Trust should disclose in the annual report if it has an internal audit function, how the function is structured and what role it performs or if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	*Audit Committee report - 47*	**Comply**
C.3.5 If the Council does not accept the Audit Committee's recommendation on the appointment, reappointment or removal of an external auditor, the Board should include in the annual report a statement from the Audit Committee explaining the recommendation and should set out reasons why the Council has taken a different position.	*This situation did not arise during 2019/20.*	**Comply**
C.3.9 A separate section of the annual report should describe the work of the Audit Committee in discharging its responsibilities.	*Audit Committee report – page 47*	**Comply**
D.1.3 Where a Trust releases an executive director, for example to serve as a NED elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings.	*This situation did not arise during 2019/20.*	**Comply**
E.1.4 The Board should ensure that the Trust provides effective mechanisms for communication between Governors and members from its constituencies. Contact procedures for members who wish to communicate with Governors and/or Directors should be made clearly available to members on the trust's website and in the annual report.	*Council of Governors section – page 80*	**Comply**
E.1.5 The Board should state in the annual report the steps they have taken to ensure that the members of the Board, and in particular the NEDs, develop an understanding of the views of governors and members about the Trust.	*Council of Governors section – page 80*	**Comply**
E.1.6 The Board should monitor how representative the trust's membership is and the level and effectiveness of member engagement and report on this in the annual report.	*Council of Governors section – page 80*	**Comply**

Council of Governors

Role and Composition

The Council of Governors has responsibility for representing the interests of our members and partner organisations. A principle role of the Council of Governors is to hold Non-Executive Directors, individually and collectively to account for the performance of the Board of Directors. Other statutory duties are:

- to appoint and, if appropriate, remove the chair
- to appoint and, if appropriate, remove the other non-executive directors
- to decide the remuneration and allowances, and other terms and conditions of office, of the chair and other non-executive directors
- to approve the appointment of the chief executive
- to appoint, and if appropriate, remove the external auditor
- to receive the annual accounts, any report on these provided by the auditor, and the annual report.
- in preparing the NHS Foundation Trust's forward plan, the Board of Directors must have regard to the views of the Council of Governors.
- to approve any 'significant transactions', as defined in the Constitution.

The Trust's constitution sets out how the Council of Governors will discharge its duties and this includes processes for the appointment and removal of Non-Executive Directors.

The Council of Governors comprises:

- 13 public governor seats
- 5 staff governor seats
- 4 seats assigned to nominated partner organisations.

The names of those who served as Governors during 2019/20 are listed in the attendance report at the end of this section. This also details the name of the Lead Governor.

Our governors hold office for terms of three years and may serve up to a maximum of nine years if they are successfully re-elected / re-appointed and provided they continue to reside in the area of their constituency (public governors); continue to be in employment at the Trust (staff governors); and continue to be nominated by the organisation they represent (appointed governors).

The Council of Governors traditionally undertakes on a regular basis a review of its collective performance; this was not undertaken in 2019/20 although actions to improve performance and understanding have been undertaken as part of the Council of Governors workshops throughout the year.

Governor Elections

The Electoral Reform Services manages the provision of the elections for the Trust and one round of elections took place in accordance with the Model Rules for Elections.

Governor attendance at Council of Governor Meetings 2019/20

The following tables list the governors who have served on the Council of Governors during 2019/20, including the duration of their appointment and individual attendance by governors and directors at Council of Governors meetings. *Four meetings of the Council of Governors were held in 2019/20.

Public Governor (Elected)	**First Elected**	**Current Term Expires**	**Meeting Attendance 2019/20**
Bidston & Claughton			
Rohit Warikoo	February 2015	Sep 2021	0 of 4
Birkenhead, Tranmere & Rock Ferry			
Frieda Rimmer	Nov 2016	Sep 2022	4 of 4
Bromborough & Eastham			
Steve Evans	Sep 2014	Sep 2020	4 of 4
Greasby, Frankby, Irby, Upton & Woodchurch			
Eileen Hume	Sep 2015	Sep 2021	3 of 4
Leasowe, Moreton, & Saughall Massie			
Allen Peters	Sep 2018	Sep 2021	4 of 4
Neston, Little Neston, Parkgate, Riverside, Burton, Ness, Willaston & Thornton			
Ian Linford	Sep 2017	Sep 2020	1 of 4
New Brighton & Wallasey			
Sheila Hillhouse	Sep 2017	Sep 2020	2 of 4
North West & North Wales			
Angela Tindall (Lead Governor)	Feb 2015	Sep 2021	4 of 4
Oxton & Prenton			
Paul Dixon	Sep 2018	Sep 2021	4 of 4
West Wirral			
John Fry	Sep 2017	Sep 2020	4 of 4
Staff Governor (Elected)	**First Elected**	**Current Term Expires**	**Meeting Attendance 2019/20**
Medical Practitioners & Dentists			
Richard Latten	Feb 2018	Sep 2021	1 of 1

Public Governor (Elected)	First Elected	Current Term Expires	Meeting Attendance 2019/20
Nurses & Midwifes			
Pauline West	Sep 2018	Sep 2021	1 of 4
Anne Taylor	Sep 2018	Sep 2021	1 of 4
Other Trust Staff			
Norman Robinson	Sep 2013	Sep 2020	2 of 4

Stakeholder Governor (appointed)	First Appointed	Current Term Expires	Organisation	Meeting Attendance 2019/20
Mandy Duncan	Dec 2011	Sep 2020	Wirral Third Sector Assembly	2 of 4
Mike Collins	May 2019	Sep 2022	Wirral Metropolitan Borough Council	1 of 4
Irene Williams	May 2019	Sep 2022	Wirral Metropolitan Borough Council	0 of 4

***Note:** a meeting planned for March 2020 was stood down due to COVID-19, this was in line with national guidance.

Director Attendance at Council of Governor Meetings 2019/20

Name	Role	Meeting attendance Actual / Possible
Sir David Henshaw	Chair	4/4
John Coakley	Non-Executive Director	2/4
Steve Igoe	Non-Executive Director/ Senior Independent Director	3/4
Sue Lorimer	Non-Executive Director	2/4
Jayne Coulson	Non-Executive Director	1/4
John Sullivan	Non-Executive Director/ Deputy Chair	3/4
Chris Clarkson	Non-Executive Director	0/4
Janelle Holmes	Chief Executive	4/4
Anthony Middleton	Chief Operating Officer	2/4
Helen Marks	Director of Workforce	4/4
Paul Moore	Director of Quality & Governance/Acting Chief Nurse	3/4
Nicola Stevenson	Medical Director	3/4
Karen Edge	Acting Director of Finance	1/3
Matthew Swanborough	Director of Strategy & Partnership	1/1
Hazel Richards	Chief Nurse	1/1
Claire Wilson	Chief Finance Officer	1/1
Gaynor Westray	Chief Nurse	0/2

Council of Governors Nominations & Remuneration Committee

Governors are invited to participate in the Nominations Committee, the membership of which is set out below. Its purpose is to identify appropriate candidates for Non-Executive Director posts, including Trust Chairman, as and when the terms of office provide, for appointment or re-appointment by open competition. The Committee makes recommendations to the Council of Governors for appointment.

The Committee met once during the year to review the Chair and Non-Executive Director appraisals and consider the impact of the new national guidance 'Remuneration structure for provider Chairs and Non-Executive Directors' along with the development of an appraisal framework.

Nomination & Remuneration Committee Membership & Attendance 2019/20

Name	**Role**	**Meetings attended**
Sir David Henshaw	Chair	1/1
Steve Igoe	Senior Independent Director	1/1
Steve Evans	Public Governor	1/1
Richard Latten	Staff Governor	1/1
Angela Tindall	Lead Governor (Public)	1/1
Frieda Rimmer	Public Governor	0/1

Strengthening the links between the Governors and the Board

The Chair has ensured that the Board of Directors and Council of Governors work effectively together, through the provision of timely and appropriate information; attendance of Board members at Council of Governors meetings and the introduction of a leadership walkround schedule. These are structured opportunities, particularly for the Non-Executive Directors, to obtain the views of the governors and, through them, the membership. Non-Executive Directors are also invited to public events where they can meet members, such as the Annual Members Meeting. Each of the Board Assurance Committee's has a public governor in attendance and all Governors are invited to attend the Board of Directors meetings.

Members of the Board attend the meetings of the Council of Governors in order to present information and respond to any questions raised by governors. The Non-Executive Directors who chair Board Committees present an overview of the work of their committee to Governors on a rotational basis. Governors have been actively engaged in developing the Trust's Strategy through discussion and presentation both at the Council of Governors meetings and attendance at workshops.

Strengthening excellent relationships with governors and members

The Trust considers the input of the Council of Governors to be invaluable in representing the local population and helping put the voice of patients into our decision-making processes.

During 2019/20 Governors have been involved in a range of Governor workshops, the topics for which have been determined by the Council. The workshops this year have included Towards Better Quality Governance; Governor Induction – Refresh encompassing an overview of the statutory role and how governors are able to fulfil the role; Diversity, Inclusion & Human Rights and Freedom to speak up. In addition Governors were invited to participate in the workshops for the development of the Trust Strategy, along with other stakeholders.

Governors continue to play an active role in a number of patient experience activities such as Patient-Led Assessments of the Care Environment (PLACE) assessments; Pressure Ulcer Group and Nutrition & Hydration Group. During the year Governors have also participated in the 'Visible Leadership' programme.

Governors took an active role in the Annual Members Meeting in October 2019, at which they were presented with the Annual Report and Accounts.

Members of the Trust

Our members continue to play a vital role in influencing the way we serve our local communities and we are committed to ensuring that our membership is representative of the population we serve. We currently have 8,633 public members plus an additional 6,258, staff members.

Members support the Trust in a variety of ways, including:

- voting in governor elections
- acting as a yardstick of public opinion about our plans
- volunteering.

Membership

We are committed to ensuring that our membership is representative of the population we serve. The Trust welcomes members from the age of 11 and they are eligible to stand in an election to become a governor from the age of 16.

The public constituency divided into 13 geographical areas:

- Bebington and Clatterbridge
- Bidston and Claughton
- Birkenhead, Tranmere and Rock Ferry
- Bromborough and Eastham
- Greasby, Frankby, Irby , Upton and Woodchurch
- Heswall, Pensby and Thingwall
- Leasowe, Moreton and Saughall Massie
- Liscard and Seacombe
- Neston, Little Neston, Parkgate and Riverside, Burton, Ness, Willaston and Thornton

- New Brighton and Wallasey
- North West and North Wales
- Oxton and Prenton
- West Wirral.

Our staff membership is open to anyone employed by the Trust under a contract of employment which has no fixed term, or has a fixed term of at least 12 months; or has been continuously employed for at least 12 months. Staff members are automatically recruited and may 'opt out' on request, though to date, no members of staff have opted out of membership.

The classes within the staff constituency are as follows:

- Registered Medical Practitioners and Registered Dentists
- Registered Nurses and Registered Midwives
- Other Healthcare Professional Staff
- Other Trust Staff.

Membership Strategy

We believe that our membership makes a real contribution to improving the health of our communities and now that we have recruited an optimum number of members, our emphasis will be upon ensuring good representation and encouraging an active and engaged membership.

We plan to maintain membership at around its current level during the year ahead and will manage 'churn' by targeting recruitment activity towards under-represented groups within the communities we serve.

During 2019/20, the Governors with support from the Communications Team considered ways to optimise engagement with our members:

- Social media
- Promotional information eg posters and banner stands
- Face to face contact
- Opportunity for governor attendance at Local Council Ward meetings
- Liaison with local patient support groups.

In addition, the Trust maintains its links with established groups on the Wirral such as Healthwatch and the Older Peoples Parliament as a way of engaging with members and members are invited to events such as the Annual Members Meeting and the Council of Governors meetings. Our Annual Members Meeting, held in October 2019, provided an opportunity for members, local people, staff and other stakeholders to hear how the organisation performed during the year, and to meet members of the Board of Directors and Council of Governors.

Membership Profile

Membership size and movements		
Public constituency	**2018/19**	**2019/20**
At year start (1st April)	8,759	8,696
New members	75	80
Members leaving	138	143
At year end (31st March)	8,696	8,633
Staff constituency	**2018/19**	**2019/20**
At year start (1st April)	6,048	6187
New members	716	735
Members leaving	577	664
At year end (31st March)	6187	6258
Patient constituency	There is no Patient Constituency	

Any member who wishes to communicate with governors and / or directors should contact the Board Secretary at:

Executives' Offices,
Wirral University Teaching Hospital NHS Foundation Trust,
Arrowe Park Hospital,
Arrowe Park Road,
Upton, Wirral,
CH49 5PE
☎ 0800 0121 356 or email andrea.leather@nhs.net

NHS Oversight Framework

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

- Quality of Care
- Finance and Use of Resources
- Operational Performance
- Strategic Change
- Leadership and Improvement Capability (Well Led)

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

Segmentation

Wirral University Teaching Hospital NHS Foundation Trust has been placed in Segment 3 of the NHS Oversight Framework following breach of the Trust's provider licence in 2015 with the additional licence condition – Section 111. The Trust agreed to a revised set of enforcement undertakings in March 2018 in relation to financial sustainability and A & E Performance. Full details of this can be found in the Annual Governance Statement.

NHS Improvement is reviewing the enforcement undertakings as defined in March 2018 and the section 111 as a consequence of stabilisation of the Board of Directors and improvement of the capability of senior leaders. This being reflected in the 'well-led' element of the CQC inspection as reported in March 2020.

Finance and Use of Resources

The finance and use of resources theme is based on the scoring of five measures from '1' to '4', where '1' reflects the strongest performance. These sources are then weighted to give an overall score. Given that finance and use of resources is only one of the five themes feeding into the NHS Oversight Framework, the segmentation of the Trust disclosed above might not be the same as the overall finance score here.

Area	Metric	2019/20 Scores				2018/19 Scores			
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial Sustainability	Capital Service Capacity	4	4	4	4	**4**	**4**	**4**	**4**
	Liquidity	4	4	4	4	**4**	**3**	**3**	**3**
Financial Efficiency	I&E Margin	4	4	4	4	**4**	**4**	**4**	**4**
Financial Controls	Distance from Financial Plan	4	4	1	1	**3**	**3**	**2**	**3**
	Agency Spend	2	2	2	2	**3**	**2**	**1**	**1**
Overall Scoring		**4**	**4**	**3**	**3**	**4**	**3**	**3**	**3**

Statement of the Chief Executive's responsibilities as the accounting officer of Wirral University Teaching Hospital NHS Foundation Trust

The NHS Act 2006 states that the chief executive is the accounting officer of an NHS foundation trust. The relevant responsibilities of the accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the *NHS Foundation Trust Accounting Officer Memorandum* issued by NHS Improvement.

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Wirral University Teaching Hospital NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Wirral University Teaching Hospital NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

In preparing the accounts and overseeing the use of public funds, the Accounting Officer is required to comply with the requirements of the *Department of Health and Social Care Group Accounting Manual* and in particular to:

- observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual* (and the *Department of Health and Social Care Group Accounting Manual*) have been followed, and disclose and explain any material departures in the financial statements;
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance;
- confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS foundation trust's performance, business model and strategy and
- prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Wirral University Teaching Hospital NHS Foundation Trust, and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned Act. The accounting officer is also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As far as I am aware, there is no relevant audit information of which the foundation trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

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

Janelle Holmes
Chief Executive **Date: 24th June 2020**

Annual Governance Statement 2019/20

1. Scope of responsibility

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

2. The purpose of the system of internal control

2.1 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 Wirral University Teaching Hospital NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Wirral University Teaching Hospital NHS Foundation Trust for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

3. Capacity to handle risk

3.1 The Board of Directors provides leadership on the overall governance agenda. The Board of Directors is supported by a range of sub-committees that scrutinise and review assurances on internal control; such sub committees include the Audit, Quality, Finance Business Performance & Assurance, Workforce Assurance, and Safety Management Assurance Committees. A Risk Management Committee (RMC) was established in 2018, it reports to the Trust Management Board (an Executive Committee) and provides assurance to the Audit Committee. The RMC oversees all risk management activity to ensure: (a) the correct strategy is adopted for managing risk; (b) controls are present and effective; and (c) action plans are robust for those risks that remain intolerant. The RMC is chaired by myself as Chief Executive and comprises all of the Executive Directors, Senior Managers, Chair of Audit Committee and specialist advisors routinely attend each meeting. The Trust has kept under review and updated the Risk Management Policy that clearly describes the process for managing risk and the roles and responsibilities of staff. While the RMC reports directly to the Trust Management Board through me, it also works closely with front line Divisions and all Committees of the Board of Directors in order to anticipate, triangulate and prioritise risk - working together to continuously enhance the effective management of risk.

3.2 Training is made available to relevant staff on risk assessment, incident reporting and incident investigation. In addition, the Board of Directors has set out the minimum requirements for mandatory and other role specific training required to control key risks. A training needs analysis informs the Trust's statutory and other training requirements and has been kept under review; this sets out the training requirements for all members of staff and includes the frequency of training in each case.

3.3 Reported incidents, complaints, claims and patient feedback are routinely analysed to identify risks, lessons for learning and to improve internal control. Lessons for learning are disseminated to staff using a variety of methods.

3.4 I have ensured that all significant risks of which I have become aware are reported to the RMC. All new significant risks are escalated to me as Chief Executive and subject to validation by the Executive Team and RMC. The movement of risk is currently governed by the residual risk score (i.e. the net risk remaining after recognising the benefits of any mitigating controls). Going forward the escalation and de-escalation of risk will be governed more directly by the Board's risk appetite and tolerance.

3.5 The Board of Directors recognises its responsibility to promote organisational success and to keep risk under appropriate levels of control at all times. The Board of Directors established a convention in 2018 for horizon scanning in order to identify and consider new/emergent risks. The Board has identified and has kept under review a range of risk scenarios that collectively form the Board's six primary risks which could, if not mitigated, impact adversely upon delivery of corporate objectives.

4. The Risk and Control Framework

4.1 The risk management process follows the British Standard Code of Practice for Risk Management, set out in six key steps as follows:

(i) Determine Priorities
The Board of Directors determines corporate objectives annually and these establish the priorities for Executive Directors through to frontline services.

(ii) Risk Identification
Risk is identified in many ways. We identify risk proactively by assessing corporate objectives, work related activities, analysing adverse event trends and outcomes, and anticipating external possibilities or scenarios through horizon scanning that may require mitigation by the Trust.

(iii) Risk Assessment
Risk assessment involves the analysis of individual risks, including analysis of potential risk aggregation where relevant. The assessment evaluates the severity and likelihood of each risk and determines the priority based on the overall level of risk exposure.

(iv) Risk Response (Risk Treatment)
For each risk, controls are ascertained (or where necessary developed), documented and understood. Controls are implemented to *avoid risk*; *seek risk*

(take opportunity); *modify risk*; *transfer risk* or *accept risk*. Gaps in control are subject to action plans which are implemented to reduce residual risk. In 2019/20 the Board of Directors has kept under review its appetite for taking risk as part of the review of the Board's scrutiny of the Board Assurance Framework.

(v) Risk Reporting

Significant risks are reported at each formal meeting of the Risk Management Committee. In addition, in the event of a significant risk arising, arrangements are in place to escalate a risk to the Chief Executive and Executive Team. The level at which risk must be escalated is clearly set out in the Risk Management Policy. The risk report to the RMC also details what action is being taken, and by whom, to mitigate the risk and monitor delivery. The Audit Committee on behalf of the Board of Directors has reviewed the positive assurances from Internal Audit on the effective operation of the risk management process including escalation.

The Board of Directors has in place an up-to-date Board Assurance Framework, which has been kept under review by the Committees of the Board. In 2019/20 the Board of Directors continued to develop the Board Assurance Framework to the extent that it reflected: (i) the risk scenarios identified by the Board; (ii) the specific risk vectors which could, if not mitigated, lead to a risk scenario arising; (iii) risk tolerance; and (iv) the three lines of defence methodology for assuring the operation of control. The Board Assurance Framework was externally validated by the Trust's Internal Auditors in March 2020 and the Head of Internal Audit Opinion provides assurance that the assurance framework is structured to meet the NHS requirements, is visibly used by the organisation and clearly reflects the risks discussed by the Board.

(vi) Risk Review

a. Those responsible for managing risk regularly review the output from the risk register to ensure it remains valid, reflects changes and supports decision making. In addition, risk profiles for all Divisions have been subject to detailed scrutiny as part of a rolling programme by the RMC. The purpose of the Trust's risk review is to track how the risk profile is changing over time; evaluate the progress of actions to treat material risk; ensure controls are aligned to the risk; risk is managed in accordance with the Board's appetite and tolerance; resources are reprioritised where necessary; and risk is escalated appropriately.

b. Incident reporting and investigation is recognised as a vital component of risk and safety management. An electronic incident reporting system is operational throughout the organisation and is accessible to all colleagues. Incident reporting is promoted through induction and mandatory training programmes, regular communications, patient safety walk rounds or other visits and inspections that take place. In addition, arrangements are also in place to raise any concerns at work confidentially and anonymously if necessary, through the 'Freedom to Speak up' guardians.

4.2 Significant in-year matters[1],[2]

(i) The provision of care in a safe, clean clinical environment has been a priority for the Trust to reduce the risk of infection to patients. The Trust experienced an outbreak of a particularly virulent strain of Clostridium difficile infections which started in 2018/19 and continued for the first six months of 2019/20. Guided by NHS England /Improvement and also Public Health England, the Trust took effective action which brought the outbreak under control by October 2019. During the year, there was one MRSA bacteraemia which was the result of a testing error; the Patient was not treated for MRSA Bacteraemia. Following a successful campaign to bring Clostridium difficile under control, the Trust is extending its focus on clinical practices to reduce the number of E-coli blood stream infections in the year ahead.

(ii) The Trust did not meet the requirement to achieve zero breaches of same sex accommodation. Breaches occurred within the critical care unit where, once a patient becomes fit for stepdown care, and an appropriate bed is not available when required, this is classified as a breach. All breaches were reported and there was no harm. The Trust took action to introduce additional side rooms within the Critical Care Unit to reduce the number of breaches encountered. Improvements are being implemented to the management of urgent care demand to improve this position.

(iii) The Control Total agreed with NHSI for 2019/20 was a break even position. This included a CIP requirement of £13.2m. Achievement of the Control Total would have enabled the Trust to access £18.8m of financial recovery funding. Due to continued operational pressures facing the Trust and challenges in delivering the CIP programme, the Trust revised its forecast outturn position in October 2019. The revised forecast resulted in an operational deficit of £9m and a resulting loss of £8.1m financial recovery funding. This was agreed and discussed at a system level and was also formally notified to NHSI in accordance with protocol. The 2019/20 outturn was a deficit of £17.2m in line with the revised forecast.

(iv) There were 37 events reported during the year that crossed the seriousness threshold and were declared a serious incident in accordance with NHS England's Serious Incident Framework. This represents a 32% reduction compared to 2018/19. Each case has been thoroughly investigated and reported to local commissioners. Detailed action plans were developed and implemented or are being implemented in response to specific cases.

[1] Matters highlighted in section 4.2 have been identified in accordance with 2019/20 *Annual Governance Statement Guidance (Annex B)* issued by NHS Improvement, and also using the qualifying criteria below, developed by the Trust.

[2] A qualifying significant breach of internal control has been evaluated using the following criteria: *a significant breach of internal control is a breach where the Directors are satisfied that the issue was directly relevant to: (i) a failure to achieve a corporate objective; (ii) put the achievement of corporate objectives at significant risk of failure; or (iii) put any Licence to operate at significant risk (i.e. CQC Registration/NHSI Provider licence).*

(v) Two incidents qualified for reporting as a Never Events during 2019/20. These concerned: (i) a retained swab post procedure; and (ii) wrong site surgery. Prior to these events, the Trust has achieved 16 consecutive months without a never event.

(vi) There were 24 events that met the criteria for reporting to the Health & Safety Executive under the provisions of the Reporting of Injuries, Diseases or Dangerous Occurrences (RIDDOR) Regulations compared with 34 reported in 2018/19. This represents a 29.4% reduction compared to 2018/19. The Board has raised the profile of safety management during the year, and implemented wide-ranging improvements to the Safety Management System, which was acknowledged through achievement of the RoSPA Gold Award.

(vii) The Trust did not meet the national requirement to ensure at least 95% of patients attending the Emergency Department (ED) are admitted, transferred or discharged within four hours. Improvements are being implemented to the management of urgent care demand to improve this position.

(viii) The Trust did not meet the requirement to ensure that no patient should wait longer than 12 hours before they are admitted to a ward, if that is required. There were 215 breaches of this standard in 2019/20 arising from a combination of factors. Improvements are being implemented to the management of urgent care demand to improve this position.

(ix) The Trust did not meet the locally determined threshold to ensure at least 80% of patients are treated within18 weeks of referral. The Trust achieved 75.01%. Improvements are being implemented to the management of urgent care demand to improve this position.

(x) The emergence of COVID-19 in quarter four of 2019/20 clearly had an impact on the Trust. Following the declaration of a Level 4 incident on 2 March 2020, the Trust put in place the following additional measures; (a) command and control structures; (b) a revised clinical and operational model; (c) COVID-19 risk register; (d) interim financial governance arrangements; (d) short-term governance arrangements in line with NHS Improvement guidance and (e) multiple workforce support measures.

4.3 Anticipated future risks

4.3.1 As at 31st March 2020, Wirral University Teaching Hospital NHS Foundation Trust has identified a range of risks, which are currently being mitigated, whose impact could have a direct bearing on compliance, CQC registration or the achievement of corporate objectives in the following areas should the mitigation plans be ineffective. In summary, the risk profile captures risk in the following risk scenarios:

(i) **Risk that demand overwhelms capacity to deliver care effectively** (compliance with national standards – namely 4-hour ED performance,

18-week Referral to Treatment Times (RTT), 52-week waits, 6-week diagnostic waits, extended length of stay and adequacy of patient flows through the health system). Efforts to mitigate this risk include a combination of interventions to strengthen internal control relating to admission avoidance, discharge planning, addressing extended length of hospital stays, working with health system partners to better manage demand and egress, and emergency escalation arrangements to deal with any unforeseen surges in demand for urgent care or shortfalls in staffing. Performance is monitored by the Board at each formal meeting.

(ii) **Risk of a critical shortage of workforce capacity and capability** (clinical staff vacancy rates, unsustainable levels of sickness/absence, staff satisfaction, loss of discretionary effort). Efforts to mitigate this risk scenario include the use of a range of staff engagement initiatives alongside specific interventions designed to address recruitment, retention, training needs and job planning. In addition, emergency preparedness arrangements have been put in place to deal with an unforeseen critical shortage of staff. The Workforce Assurance Committee oversees and monitors progress, identifying risks for escalation to the Board of Directors.

(iii) **Risk of failure to achieve and maintain financial sustainability** (insufficient delivery of Cost Improvement Plans (CIP) to deliver agreed control total, expanding financial deficit). Efforts to mitigate this risk scenario include developing and strengthening core financial policies and procedures, centralizing budget controls and delivering cost improvement plans. In addition, contingency controls have been developed to provide access to working capital should the need arise. Financial controls are audited to monitor their effectiveness. Financial performance is overseen by the Finance Business Performance & Assurance Committee, which in turn provides assurance to the Board of Directors.

(iv) **Risk of a catastrophic failure in standards of care** (adequacy of infection prevention and control, a widespread loss of organisational focus on patient safety and quality of care, adoption of new technologies as a clinical or diagnostic aid leading to unintended introduction of risks). Efforts to mitigate this risk scenario include a wide range of policies and standard operating procedures, staff training, workforce plans at service level, and clearly documented standards of care to be achieved. Practices are audited to monitor implementation. In addition, contingency plans are in place to address critical shortages of staff and/or surges in demand both of which could compromise the standard of care if not mitigated. Specifically, in order to achieve prudent control over infection risk, the Trust has developed and is implementing Infection Prevention & Control (IPC) policies and procedures. Care quality performance is overseen by the Quality Committee who in turn provide assurance to the Board of Directors.

(v) **Risk of a major disruptive event** (such as cyber-security, fire, unserviceable estate, pandemic disease, loss of utilities for prolonged period). Efforts to mitigate this risk scenario include using a combination of planned preventative maintenance and operational checks, alongside detailed emergency preparedness plans, which are tested periodically, for those foreseeable emergencies which could lead to rapid and severe operational instability. These controls are assured externally by NHS England, who are satisfied that there is substantial compliance with emergency preparedness requirements. Performance is overseen by the Risk Management Committee.

The COVID-19 pandemic will continue to impact the Trust in 2020/21 and a range of measures have been put in place to support operational stability. These arrangements will be subject to regular review and their effectiveness monitored by the Board's Assurance Committees with outcomes reported to the Board of Directors through the Board Assurance Framework.

(vi) **Risk of loss of stakeholder confidence** (breaches of CQC regulated activities, regulations in the safe, effective, responsive and well-led domains; potential breaches of safety management regulations). Efforts to mitigate this risk scenario include continuous investment in stakeholder relationships between the Trust, other local providers, commissioners, inspectors, service user groups and regulators. The Board of Directors takes account of the strength of stakeholder relationships and any action required as part of its engagement activities and meetings.

4.3.2 Detailed risk registers have been developed. These set out the risk, risk treatment and further mitigating actions planned. The Board of Directors maintained the conventions to ensure the analysis and review of the Board Assurance Framework at each formal meeting of a Committee of the Board of Directors. Outputs from those reviews are examined periodically by the Audit Committee and have been used to underpin this Statement.

4.3.3 The risk scenarios outlined in 4.3.1 above reflects, to the best of the Board of Directors knowledge and assessment, the primary risks facing the organisation in 2020/21 and beyond. These remain the focus of the Board's risk management endeavours going forward.

4.4 *Quality Governance and Performance Assessment*

4.4.1 The key elements of the quality governance arrangements include:

(i) a clear separation between management and assurance responsibilities within the Board's committee structure;
(ii) a clear management structure to drive and deliver the Boards' objectives and performance priorities;
(iii) a wide range of policies, procedures and guidelines to govern operational practices and training requirements;

(iv) an accountability framework expressed within clear Standing Financial Instructions, that are kept under review by the Audit Committee;

(v) a Board Assurance Framework (BAF) incorporating the three lines of defence method of assurance, with a clear link established to key performance/risk indicators;

(vi) a clearly articulated set of performance measures which are reviewed and used by the Board to drive accountability for performance and delivery;

(vii) engagement with the wider stakeholder community through which the Trust is held to account for performance.

4.5 *Data security*

4.5.1 The Trust has identified and evaluated the risks associated with data security and has taken the following steps to enhance control and resilience:

(i) appointed a 'Director' as the Senior Information Risk Officer (SIRO);

(ii) established clear information governance policies and procedures to protect confidential information;

(iii) provided training to raise awareness of information governance and control with employees;

(iv) installed access controls, fire walls, continuously updating anti-virus software and other software to minimise risk of cyber attack;

(v) developed and regularly tests detailed business continuity plans, should they be needed, to maintain organisational resilience in the event of system downtime;

(vi) participated as a pilot site in the development of a unified cyber risk framework; and

(vii) the Board of Directors undertook the nationally accredited NHS Digital cyber security training.

4.6 Care Quality Commission Registration

4.6.1 The Trust is fully compliant with the registration requirements of the Care Quality Commission. Compliance with the provisions of the Health & Social Care Act 2008 (Registration Regulations) 2010 is co-ordinated by the Director of Quality & Governance. The Director of Quality & Governance oversees compliance by:

- reporting and keeping under review matters highlighted within the Care Quality Commission's Insight Tool and inspections;
- liaising with the Care Quality Commission and local services to address specific concerns;
- engaging with the Care Quality Commission on the inspection process, co-ordinating the Trust's response to inspections and recommendations/actions arising from this;
- analysing trends from incident reporting, complaints, and patient and staff surveys to detect potential non-compliance or concerns in services;
- reviewing assurances on the effective operation of controls;

- receiving details of assurances provided by Internal Audit, and being notified of any Clinical Audit conclusions which indicate potential problems with the operation of internal controls; and
- challenging assurances or gaps in assurance by attending meetings of Risk Management Committee, Trust Management Board, Patient Safety & Quality Board, Quality Committee, Finance Business Performance & Assurance Committee, Workforce Assurance Committee, Audit Committee, Safety Management Assurance Committee, Council of Governors, and Board of Directors.

4.6.2 The Trust is registered with the Care Quality Commission. Following a comprehensive inspection of services in 2019/20 the Trust demonstrated that progress has been made to achieve better compliance. The Trust remains at 'Requires Improvement' overall but improved in the well-led and safe domains. CQC published its report on 31st March 2020 and the Trust has developed an action plan to address the concerns raised.

4.7 Compliance with the Provider Licence

4.7.1 Following the Breach of the Trust's Provider Licence in 2015 with the additional licence condition - section 111 in relation to Senior Management and Board leadership and capability, the Trust in March 2018 formally agreed to a revised set of enforcement undertakings. The rationale for the change was due to some of the original 2015 undertakings not being fully complied with or no longer being effective as a means of securing compliance due to the passage of time and intervening events. NHS Improvement also decided to take further regulatory action in the form undertakings as outlined below.

4.7.2 NHS Improvement found the Trust to be in breach of conditions FT4 (5)(a), (d) and (f) and CoS3(1) in relation to financial sustainability and in breach of condition FT4 (5)(c) in relation to A & E Performance.

4.7.3 As the Chairman resigned from his post on 27 February 2018 and a permanent replacement had not been identified, NHSI determined that the Trust breached its additional licence conditions under section 111 of the Act. The Trust appointed an Interim Chair, as specified by NHSI, and subsequently undertook a process for the substantive position. The substantive Chair was appointed with effect from February 2019.

4.7.4 As delegated by the Board of Directors the Audit Committee reviews compliance against the Trust's provider licence on a regular basis, this ensures the submission of timely and accurate information to assess risks to compliance with the Trust's licence. The outcome of each review has and will continue to be reported to the Board in the Audit Committee Chair's Report.

4.7.5 The responsibilities of Directors are reviewed through individual performance review and through the review and process for the appointment of Non-Executive Directors.

4.7.6 The responsibilities for each of the Board of Directors committees are clearly defined in the terms of reference which are subject to review on a regular basis.

4.8 Well Led Framework

4.8.1 The Board of Directors has set out the governance arrangements including the committee structure within the Standing Orders. In summary, the Board's committee structure comprised of the following: (i) Finance Business Performance & Assurance Committee; (ii) Audit Committee, (iii) Quality Committee; (iv) Workforce Assurance Committee; (v) Safety Management Assurance Committee; (vi) Remuneration Committee; supported by (vii) Trust Management Board. Chairs of the Board's Assurance Committees report to the Board of Directors at the first available meeting after each Committee meeting. Urgent matters are escalated by the Committee Chair to the Board of Directors as deemed appropriate.

4.8.2 CQC inspected the Trust during October and November 2019. The Trust remains 'Requires Improvement' overall but had improved in the well-led and safe domains. CQC published its report on 31st March 2020 and the Trust has developed an action plan to address concerns raised.

4.8.3 Steps were taken ensure the Board had the necessary skills and experience, making the following appointments in year:

(i) Chief Finance Officer – January 2020
(ii) Chief Nurse – January 2020
(iii) Director of Strategy & Partnerships – November 2019.

4.8.4 A Board development schedule has been delivered. In addition, the Trust has invested during 2019/20 in the development of senior leaders. Development programmes will be extended in 2020/21 as part of the Leadership Development Strategy and Organisational Development Work Programme.

4.9 Workforce strategies

4.9.1 The Board has concluded that there is a significant risk, which is currently being mitigated, concerning a potential critical shortage of workforce capacity and capability. The control framework established by the Board of Directors to keep this risk under prudent control involves the use of significant employee engagement, rota management, leave and absence management, regular establishment review, and contingencies to enable continuity of service provision in the event of an unanticipated shortage of staff. Alongside recruitment and retention interventions and action plans these combine to reflect the short to medium term workforce plans.

4.9.2 The Board of Directors anticipate that this risk is likely to intensify going forward as:

(i) more people become eligible for retirement and/or activate their pension; and
(ii) the demand for new recruits exceeds the Trust's ability to fill all vacancies from local, national and international recruitment initiatives.

4.9.3 The Board has developed a workforce strategy, focusing on six key foundations:

(i) Culture & Values, the way we do things around here. The measure of success for this priority will focus on values and behaviours work, accountability and employee contributory framework and coaching conversations.

(ii) Leadership and development at every level. The measure of success for this priority will focus on developing leadership at every level, developing our managers, talent pipelines, action learning sets.

(iii) Engagement, creating the employee voice. The measure of success for this priority will focus on creating the employee voice, engaging with our workforce through various channels, exec and non-exec visibility, sharing good practice, temperature testing at regular intervals rather than just wait for the National Staff Survey, recognition and celebration.

(iv) Recruitment, Retention and planning for a sustainable workforce. The measure of success for this priority will focus on looking after our workforce from application to retirement, the employee journey, recruitment and links with universities, new roles, retention workforce planning, volunteers.

(v) Securing the health and wellbeing of our workforce. The measure of success for this priority will focus on developing health and wellbeing interventions that keep our employees healthy, creating a health and wellbeing department, focus on mental health

(vi) Promoting inclusion. The measure of success for this priority will focus on developing networks, springboard leadership programmes, community links.

4.9.4 The Workforce Strategy outcome measures are monitored by the Workforce Assurance Committee and performance reported to the Board of Directors.

4.9.5 With regard to the Developing Workforce Safeguards recommendation, the Chief Nurse Safer Staffing reports are provided to the Board of Directors twice a year, with a bi-monthly 'Safe Staffing' report to the Quality Committee. An internal audit review of the processes and assurances relating to safe staffing resulted in an assessment of 'substantial assurance'.

4.9.6 The Board of Directors has kept under review staffing governance arrangements.

4.10 Register of Interests

The Trust has in place a Managing Conflict of Interests Policy, the content of which is consistent with national guidance on Conflict of Interests published by NHS England. During 2019/20, the Trust had in place Registers of Interests for both the Board of Directors and the Council of Governors and had established processes for the recording of declarations by other senior decision makers. However, those

registers which were available were not published on the Trust's website during 2019/20.

This omission has now been addressed and we plan to be in a position to publish the register for senior decision makers during the summer of 2020. We also plan to complete the procurement and implementation of an electronic web-based platform for recording and publishing declarations during 2020/21.

4.11 Pensions

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

4.12 Equality, Diversity & Human Rights

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. Additional steps have also been taken to ensure focus on specific areas of the public sector equality duty; with particular attention on fostering good relations and advancing equality of opportunity between people who share a protected characteristic and those who do not.

The Trust has developed a Diversity and Inclusion Strategy and key objectives for 2018-2022, with an underpinning action plan to ensure achievement. The Trust has also integrated inclusivity as a theme within the Workforce Plan and is working with staff and community stakeholders to review performance and identify further areas of improvement.

4.13 Carbon Reduction

The Foundation 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 ensure that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

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

5.1 The Trust's resources are managed within a financial governance framework that incorporates systems of financial control, budgetary control and the financial responsibilities for individuals outlined within the Trust's Standing Financial Instructions. Financial governance arrangements are supported by internal and external audit to ensure economic, effective and efficient use of resources.

5.2 The Trust is committed to ensuring value for money and delivering on the efficiency challenge required to meet its financial objectives whilst ensuring continued improvements in quality of care and service transformation.

The Audit Committee has reviewed the risk based assessment of the Trust's value for money arrangements undertaken by the external auditor. The auditor was satisfied that the Trust has proper arrangements to secure economy, efficiency and effectiveness in its use of resources, except in relation to sustainable resource deployment.

5.3 Performance is monitored by the Board of Directors, with more detailed scrutiny taking place at the Finance Business Performance & Assurance Committee. The performance of individual divisions and directorates is measured through the Trust's performance management arrangements on a monthly basis.

5.4 NHS Improvement/England completed a Use of Resources assessment in October 2019 and concluded that: "We rated the Trust's use of resources as r*equires improvement. The Trust is in deficit and has an inconsistent track record of managing spend within resources. Although the Trust agreed a control total for 2019/20, there were risks associated with delivery of this plan. The Trust has seen some improvements since the previous Use of Resources assessment in April 2018 and demonstrated some areas of outstanding practice, particularly within Pharmacy. However, the Trust has seen a number of metrics deteriorate and a number of challenges were identified, for example, within workforce and estates & facilities management.*"

6. Information Governance

6.1 During 2019/20 the Trust reported 6 breaches of confidentiality to the Information Commissioner's Office (ICO):

29th July 2019	Theatre Hard Drive – due to internal hard drive having met its capacity, external hard drive utilised and subsequently mislaid.
6th September 2019	Unauthorised records access - to a patient's electronic record by a member of staff.
5th October 2019	Patient Safeguarding - safeguarding notes inadvertently placed within patient handheld notes which the patient subsequently took home.
7th October 2019	Patient identifiable information - details of a discharged patient provided to an incorrect GP practice.
25th October 2019	MRI appointment breach - ex member of staff informed of family members appointment, patient had not informed family they were undergoing tests.
16th March 2020	HIV status breach - letter sent to a patient's previous address, although addressed to the previous occupant, the current occupant opened it.

In reviewing the breaches, the ICO did not consider that they needed to take further action regarding any of the cases.

7. Data Quality & Governance

7.1 The Trust monitors data quality through a regular Data Quality Group (DQG), reporting into the Information, Information Governance and Coding Group (IIGCG) which subsequently reports into the Finance Business Performance and Assurance Committee (FPBAC). This provides a forum for Informatics, Divisional operational staff and other Corporate Departments to discuss data quality issues and key data items relating to their area.

7.2 Regular internal reports are provided to the Data Quality Group on errors and corrections to patient records logged by the Data Quality Team within Information Governance. Frequency of errors and trends over time are tracked, with direct feedback to departmental managers in relation to repeated errors or concerns. External comparative reports on data quality are also regularly presented, taken from NHS Digital's SUS+ Data Quality Report. The Trust consistently compares favourably against Regional and National averages for the validity and completeness of data items across Admitted Patient Care, Outpatient, A&E, Critical Care and the Emergency Care Data Sets. Any issues of concern in relation to data quality are escalated from the Data Quality Group to the IIGCG.

7.3 Performance reporting against national waiting time standards is supported by individual patient breach validation processes, with a rolling programme of audits by the Data Quality Team on non-breach records to provide equal assurance. An external audit was undertaken by Grant Thornton LLP in support of the Quality Report and reported in May 2019. This report on national reporting for A&E waiting times and Cancer 62-day Waits supported the Trust in that reported performance had been reasonably stated with no material issues.

7.4 Two internal audits were undertaken by MIAA in 2019/20 as Clinical Coding Assurance Reviews. Across the two specialty-level reviews, accuracy of primary diagnosis coding was at 89.4% and 92.5% respectively. Primary procedure accuracy was at 97.4% and 93.9%. Taken together this provides significant assurance that national standards are being met.

7.5 For contractual and activity reporting, weekly and monthly activity is reported against indicative plans at Divisional and specialty level. All patient NHS numbers are checked and validated against national data and there is a GP query process supported with local Commissioners.

7.6 The reporting of incidents, including serious incidents, is actively encouraged. Reporting is via Ulysses, the Trust's web-based incident reporting system. During the year the number of incidents reported, and learning from reported incidents, has increased (16,065 incidents reported in 2019/20 as compared to 15,739 in 2018/19). Any decline in quality would be detected via a triangulation of intelligence from several valid sources including incidents, complaints, contact with our Patient Advice and Liaison Service, dialogue with patient representative organisations,

input from our primary care stakeholders and feedback from GPs, alongside clinical performance benchmarking data.

7.7 Data from Ulysses informs trend reports to the Board, Board committees and to subordinate committees and services. Reports focus on the performance management of actions and recommendations and seek to eliminate any risk of false assurance.

7.8 A performance report and dashboard is in place in order to review and report on quality metrics. This is updated monthly and is reviewed across the Trust's integrated governance structure and ultimately by the Board.

7.9 In relation to the quality and accuracy of elective waiting time data, all reporting is based on individual patient pathways and subject to validation at patient level. Patients are tracked along pathways and any breaches of waiting time standards confirmed through further validation before Executive sign-off of Trust performance. In addition, a rolling monthly audit on Referral to Treatment (RTT) and Cancer 62-day patients that are treated within the national waiting time standards is undertaken by the Information Governance Data Quality Team, to ensure scrutiny is equally applied to non-breaching patients and their waiting times.

8. *Review of effectiveness*

8.1 As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on performance information available to me. My review is also informed by comments made by the external auditor 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 of Directors, the Audit Committee, Quality Committee and Risk Management Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

8.2 In reviewing the effectiveness of internal control, the Board of Directors has taken account of reports received from the Audit Committee, Quality Committee, Finance Business Performance & Assurance Committee, Workforce Assurance Committee, Safety Management Assurance Committee and the Trust Management Board. The Board of Directors has concluded that the actions taken to stabilise the Board, reconstruct governance arrangements, improve CQC compliance and build more productive stakeholder relationships has been effective in year. The Board of Directors also recognise and understand the challenges that remain relating to financial sustainability at system level, and managing demand for care more effectively. These are priorities embedded in organisational objectives for the year ahead.

8.3 The Trust's system of control is based upon an ongoing process designed to identify principal risks to the achievement of policies, aims and objectives. This has been further strengthened this year by the continuing work on the Board Assurance Framework and risk management systems. As with all Internal control systems they are designed to manage rather than eliminate the risk of failure and can therefore only provide reasonable and not absolute assurance of effectiveness against material mis-statement or loss. The Audit Committee is not aware of any material issues regarding fundamental failures which directly stem from a failure of the control environment or internal controls which comprise that environment.

9. Internal Audits

9.1 During 2019/20 fourteen formal internal audits were undertaken. None of the reviews received 'high assurance', six received 'substantial assurance', three received 'moderate assurance' and five received 'limited assurance'. None of the reviews had 'no assurance'.

Limited assurance opinions were received in respect of:

- Activity Data Capture - VTE, MUST, Pressure Ulcers and Patient Falls
- Infection Prevention & Control
- Private Patients
- HR & Wellbeing Shared Service Payroll review
- Consultant Job Planning.

9.2 The Trust reported back to the Audit Committee that the required actions have now been completed and that the Audit Committee were satisfied that the actions taken have addressed the issues identified.

9.3 The Audit Committee maintained a set of controls to ensure Executive input, scrutiny of findings and oversight of the management response.

9.4 I refer to the conclusions reached by the independent Head of Internal Audit who has provided me with the following assurances:

(i) that the Trust's assurance framework is structured to meet the NHS requirements, is visibly used by the organisation and clearly reflects the risks discussed by the Board;
(ii) that Internal Audit awarded either substantial or moderate assurance assessments for the majority of audit assignments undertaken in year; and
(iii) that, overall, moderate assurance can be given that there is an adequate system of internal control. In some areas there are weaknesses in design and/or inconsistent application of controls which puts the achievement of some of the organisations objectives at risk.

10. Conclusion

10.1 My review confirms that Wirral University Teaching Hospital NHS Foundation Trust has generally sound systems of internal control that support the achievement of its objectives and the Head of Internal Audit Opinion has provided Moderate Assurance that there is an adequate system of internal control. However, there are some areas where further improvement is required, as referenced at section 4.2 of this statement, which put the achievement of some of the Trust's objectives at risk. Action plans have been prepared to address these issues and the Board is confident that there is a robust system in place to oversee the implementation of these actions.

10.2 No significant internal control issues have been identified during the year ending 31 March 2020 and up to the date of approval of the annual report and accounts.

Janelle Holmes
Chief Executive **Date: 24th June 2020**

Independent auditor's report to the Council of Governors of Wirral University Teaching Hospital NHS Foundation Trust

Report on the Audit of the Financial Statements

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Wirral University Teaching Hospital NHS Foundation Trust (the 'Trust') for the year ended 31 March 2020 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 Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Accounts Directions issued under the National Health Service Act 2006, the NHS foundation trust annual reporting manual 2019/20 and the Department of Health and Social Care Group Accounting Manual 2019 to 2020.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2020 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2019 to 2020; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Accounting Officer and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Trust's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Trust's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an entity associated with these particular events.

Material uncertainty related to going concern

We draw attention to the Going Concern section of note 1 in the financial statements which indicates that there will be a need for cash support in 2020-21 due to the deficit position incurred in 2019-20 and the forecast deficit for 2020-21.

As disclosed in note 1, the operational planning process for 2020/21 was suspended due to the Covid-19 pandemic. Nationally determined contracts are in place for the period from 1 April 2020 to 31 July 2020 and the Directors have an expectation that any shortfall in earned income over expenditure for the remainder of the year will be met in the form of revenue support from the Department of Health and Social Care. The Trust will be reliant on additional Public Dividend Capital (PDC) in 2020/21 in relation to prior year performance and the expected in-year deficit, but this additional PDC has not been confirmed.

These events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt about the Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In concluding that there is a material uncertainty, our audit work included but was not restricted to:

- we assessed the likelihood of NHS Improvement transferring services to other NHS bodies;
- we assessed the information available regarding future funding and planning assumptions for the Trust included in the Trust's cash flow forecasts over the period under assessment;
- we assessed whether the Trust had updated its cash flow forecasts to reflect the impact of Covid-19;
- we assessed the completeness and accuracy of the disclosures in the going concern note.

Grant Thornton

Overview of our audit approach

Financial statements audit

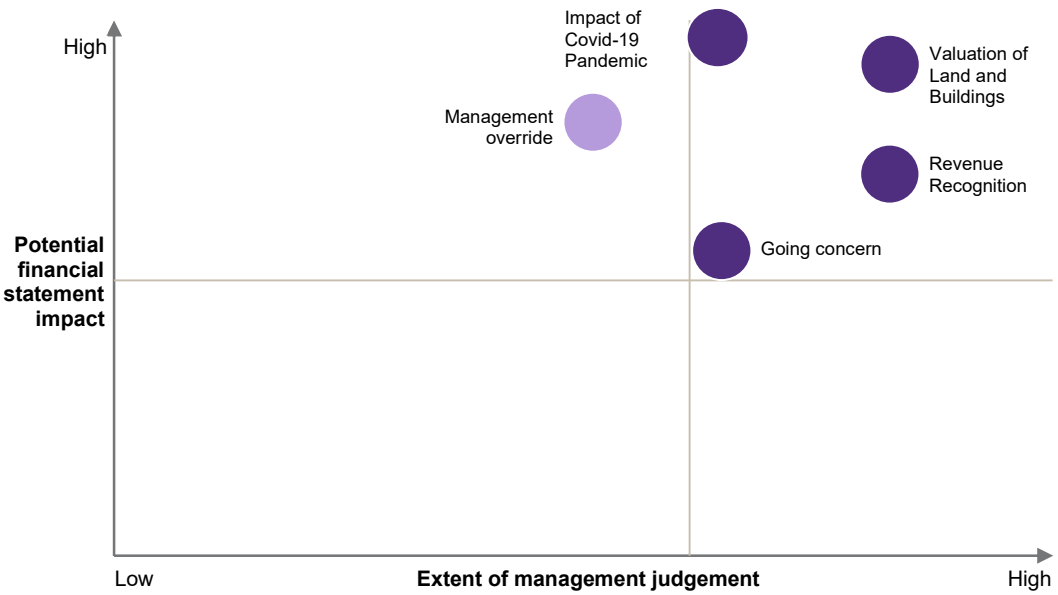
- Overall materiality: £6,353,000 which represents 1.65% of the Trust's gross operating income (consisting of operating income and other income);
- Key audit matters were identified as:
  - Valuation of Land and Buildings
  - Revenue Recognition
  - Covid-19

Conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

- We identified two significant risks in respect of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources (see Report on other legal and regulatory requirements section).

Key audit matters

The graph below depicts the audit risks identified and their relative significance based on the extent of the financial statement impact and the extent of management judgement.



Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the matter was addressed in the audit
Risk 1 Valuation of Land and Buildings The Trust revalues its land and buildings on a five-yearly basis to ensure the carrying value in the financial statements is not materially different from current value in use at the year-end date. In the intervening years, such as in 2019/20, the Trust requests a desktop valuation from its valuation expert. The valuation represents a significant accounting estimate by management in the financial statements, which is sensitive to changes in assumptions and market conditions. Management engage the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS), to estimate the current value of its land and buildings. The last full valuation was as at 31 March 2019. The effects of the Covid-19 virus will affect the work carried out by the Trust's valuer in a variety of ways. Inspecting properties could prove difficult and access to evidential data, such as values of comparable assets may be less freely available. RICS Regulated Members have therefore been considering whether a material uncertainty declaration is now appropriate in their reports. Its purpose is to ensure that any client relying upon the valuation report understands that it has been prepared under extraordinary circumstances. In their 2019/20 valuation report the Trust's valuer, Cushman & Wakefield, included a material uncertainty and this was disclosed in note 1.3.2 to the financial statements. We therefore identified valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • Evaluating management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • Evaluating the competence, capabilities, and objectivity of the valuation expert; • Discussing with the valuer the basis on which the valuation was carried out; • Challenging the information and assumptions used by the valuer to assess completeness and consistency with our understanding; and • Testing revaluations made during the year to see if they had been input correctly into the Trust's asset register. The Trust's accounting policy on valuation of property, including land and buildings, is shown in note 1.8 to the financial statements and related disclosures are included in note 14. As, disclosed in note 1.3.2 to the financial statements, the outbreak of Covid-19 has caused uncertainties in markets. As a result, the Trust's valuer has declared a 'material valuation uncertainty' in their valuation report which was carried out during February and March 2020 with a valuation date of 31 March 2020. The values in the valuation report have been used to inform the measurement of property assets at valuation in the financial statements. The Trust has disclosed the estimation uncertainty related to the year-end valuations of land and buildings in note 1.3.2 to the financial statements. The Trust's valuer prepared their valuations in accordance with the RICS Valuation – Global Standards using the information that was available to them at the valuation date in deriving their estimates. **Key observations** We obtained sufficient audit assurance to conclude that: • the basis of the valuation of land and buildings was appropriate, and • the assumptions and processes used by management in determining the estimate of valuation of property were reasonable;

Key Audit Matter	How the matter was addressed in the audit
	• the valuation of land and buildings disclosed in the financial statements is reasonable.
Risk 2 Impact of Covid-19 pandemic The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to; • Remote working arrangements and redeployment of staff to critical front-line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation • Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates • Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and • Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties. We therefore identified the impact of Covid-19 pandemic as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • Documenting and understanding the implications that the Covid-19 pandemic has on the Trust's ability to prepare the financial statements and updates to financial forecasts • Liaison with other audit suppliers, regulators, and government departments to co-ordinate practical cross sector responses to issues as and when they arise We have evaluated: • the adequacy of the disclosures in the financial statements relating to the impact of the Covid-19 pandemic. • whether sufficient audit evidence can be obtained in the absence of physical verification of assets through remote technology • whether sufficient audit evidence can be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances • management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment This is an inherent financial statement level risk and a key audit matter for financial statements as a whole, therefore, there is no such specific accounting policy. However, implications of Covid-19 on the Trust's going concern disclosure is disclosed at note 1 and land and buildings valuations due to Covid-19 is disclosed at note 1.3.2. **Key observations** We obtained sufficient audit evidence to conclude: • The Trust's disclosures are in line with the DHSC guidance relating to the impact of the COVID-19 pandemic • Financial forecasts and the cashflow analysis of the Trust supports the ability for the Trust to prepare the accounts on a going concern basis • The inclusion of a material uncertainty regarding to the valuation of the Trust's property, plant and equipment has been emphasised as a Key Audit Matter as detailed in risk 1 above.
Risk 3 Revenue Recognition Trusts are facing significant external pressure to restrain budget overspends and meet externally set financial targets, coupled with increasing patient demand and cost pressures. In this environment, we have considered the rebuttable presumed risk under ISA (UK) 240 that revenue	Our audit work included, but was not restricted to: • evaluating the Trust's accounting policy for recognition income from patient care activities and other operating revenue for appropriateness and compliance with the DHSC Group Accounting Manual 2019/20;

Key Audit Matter	How the matter was addressed in the audit
may be misstated due to the improper recognition of revenue. We have rebutted this presumed risk for the revenue streams of the Trust that are principally derived from contracts that are agreed in advance at a fixed price. We have determined these to be income from: • Block contract income element of patient care revenues We have not deemed it appropriate to rebut this presumed risk for all other material streams of patient care income and other operating revenue. We therefore identified revenue recognition as a significant risk, which was one of the most significant assessed risks of material misstatement.	• updating our understanding of the Trust's system for accounting for income from patient care activities and other operating revenue, and evaluated the design of the associated controls; • agreeing on a sample basis income from contracts with commissioners to signed contracts • agreeing a sample of any contract variations to supporting evidence • agreeing a sample of the income from additional non-contract activity in the financial statements to any signed contract variations, invoices, and other supporting documentation, such as correspondence from the Trust's commissioners which confirms their agreement to pay for the additional activity and the value of the income. • agreeing, on a sample basis, income and year end receivables from other operating revenue to invoices and cash payment or other supporting evidence • agreeing income from PSF/FRF to NHSI notifications as well as agreeing the eligibility to and recognition of the accelerated funding to confirmation from NHSI. The Trust's accounting policy on revenue recognition is shown in note 1.4 to the financial statements and related disclosures are included in note 2. **Key observations** We obtained sufficient audit evidence to conclude that: • the Trust's accounting policies for recognition of contract income and other operating revenue comply with the DHSC group accounting manual 2019-20 and have been applied appropriately • income from patient care activities and other operating income and the associated receivable balances are not materially misstated.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

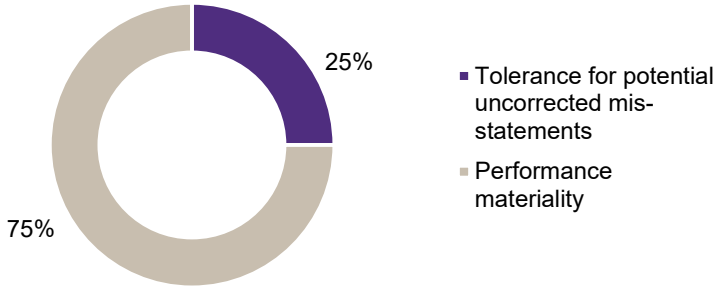
Materiality was determined as follows:

Materiality Measure	Trust
Financial statements as a whole	£6,353,000 which is 1.65% of the Trust's gross operating and other income. This benchmark is considered the most appropriate because we consider users of the financial statements to be most interested in how the Trust has expended its revenue and other funding.

Materiality Measure	Trust
	Materiality for the current year is at the same percentage level of gross operating and other income as we determined for the year ended 31 March 2019 as we did not identify any significant changes in the Trust or the environment in which it operates
Performance materiality used to drive the extent of our testing	75% of financial statement materiality
Specific materiality	Disclosure of senior managers' remuneration in the Remuneration Report £19,000 based on 2% of the total senior managers' remuneration.
Communication of misstatements to the Audit Committee	£300,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Trust



An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the Trust's business, its environment and risk profile and in particular included:

The scope of our audit included:

- undertaking an interim audit visit in February 2020 where we:
  - completed walk through tests of the Trust's controls operating in key financial systems where we consider that there is a risk of material misstatement to the financial statements
  - performed testing, on a sample basis, of operating expenses and income for the months up to December 2019.
- undertaking a final visit during May to June 2020 which included:
  - obtaining supporting evidence, on a sample basis, for all of the Trust's material income streams of the Trust's revenues
  - obtaining supporting evidence, on a sample basis, of the Trust's operating costs
  - obtaining supporting evidence, on a sample basis, for property plant and equipment and the Trust's other material assets and liabilities.

Other information

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

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

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable in accordance with provision C.1.1 of the NHS Foundation Trust Code of Governance – the statement given by the directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy, is materially inconsistent with our knowledge of the Trust obtained in the audit; or
- Audit Committee reporting in accordance with provision C.3.9 of the NHS Foundation Trust Code of Governance – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

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 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 meet the disclosure requirements set out in the NHS foundation trust annual reporting manual 2019/20 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.

Our opinion on other matters required by the Code of Audit Practice is unmodified

In our opinion:

- the parts of the Remuneration Report and the Staff Report to be audited have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the NHS foundation trust annual reporting manual 2019/20 and the requirements of the National Health Service Act 2006; and
- based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust gained through our work in relation to the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

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

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

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on

the basis set out in the Accounts Directions included in the NHS foundation trust annual reporting manual 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Qualified conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller & Auditor General in April 2020, except for the effects of the matters described in the basis for qualified conclusion section of our report, we are satisfied that, in all significant respects that Wirral University Teaching Hospital NHS Foundation Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Basis for qualified conclusion

Our review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources identified the following matters:

- The 2019/20 financial plan which the Trust submitted to NHS Improvement in April 2019 included an adjusted breakeven position, after receipt of £18.8 million of non-recurrent funding if the accepted control total was achieved.
- Throughout the second half of 2019/20 the Trust's financial performance worsened due to operational pressures and the non-delivery of £2.4 million of planned Cost Improvement Programme (CIP) savings, resulting in an outturn position of a £17.0 million deficit.

These matters identify weaknesses in the Trust's arrangements for managing emerging cost pressures within the agreed budget and delivery of savings plans. They are evidence of weaknesses in proper arrangements for sustainable resource deployment in planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

Significant risks

Under the Code of Audit Practice, we are required to report on how our work addressed the significant risks we identified in forming our conclusion on the adequacy of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. Significant risks are those risks that in our view had the potential to cause us to reach an inappropriate conclusion on the audited body's arrangements. The table below sets out the significant risks we have identified. These significant risks were addressed in the context of our conclusion on the Trust's arrangements as a whole, and in forming our conclusion thereon, and we do not provide a separate opinion on these risks.

Significant risks forming part of our qualified conclusion	How the matter was addressed in the audit
Risk 1 - Financial resources and future sustainability For 2019/20, the Trust submitted a plan to NHS Improvement (NHSI) forecasting a breakeven position, after receipt of £18.8 million of non-recurrent funding. This included a requirement to deliver a cost improvement programme (CIP) of £13.2 million. The Trust accepted the "breakeven" control total issued by NHSI for 2019/20. Delivery of this would enable the Trust to access approximately £18.8 million of sustainability/recovery support to reduce the underlying deficit. As at month 7, when our audit plan was issued, the Trust was forecasting a "most likely" outturn deficit of £15.9 million. There is therefore a risk that the Trust will be unable to deliver its planned budget for the year.	Our audit work included, but was not restricted to: • Assessing the Trust's arrangements for agreeing and reporting progress upon the 2019/20 financial plan including progress on achieving CIP savings; • Scrutinising financial performance reports to Board and Finance Business Performance Assurance Committee (FBAC) to understand why the financial position deteriorated from plan and management's response; • Meeting with senior management to understand their plans to control the deficit; and **Key findings** We have qualified our conclusion in respect of this risk, as set out in the basis of qualified conclusion section of the report.

Significant risks not forming part of our qualified conclusion	How the matter was addressed in the audit
Risk 2 - Governance Arrangements In July 2018, the Care Quality Commission (CQC) gave the Trust an overall rating of requires improvement and a rating of inadequate in relation to the Well-led dimension. The Trust's quality improvement action plan included 221 specific actions/workplans for implementation by August 2019. Performance against the action plan has been reported to the board monthly which has tracked the progress made to implement and embed the actions required. At the time of issuing our audit plan in January 2020 the Trust were awaiting the results from an updated CQC inspection which was undertaken in October 2019. There is a risk that the Trust that the Trust will be unable to make sufficient progress on this action plan to improve its CQC rating.	Our audit work included, but was not restricted to: • Evaluating the outputs from the CQC's latest published inspection report dated 31 March 2020 and further correspondence or reports from the CQC during the year; • Discussing with senior management the plans to address the concerns raised and the extent to which the concerns are being addressed at the Trust; • Assessing the action plans developed to address the findings made in the CQC reports.; and • Evaluating the arrangements in place to monitor and review compliance. **Key findings** Our review of the progress made by the Trust against the action plans found that considerable steps have been taken to ensure that the majority of actions have been implemented and embedded.

Responsibilities of the Accounting Officer

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

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

We are required under paragraph 1 of Schedule 10 of the National Health Service Act 2006 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report where we have not been able to satisfy ourselves that it has done so. 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 on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects, the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020, and to report by exception where we are not satisfied.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of Wirral University Teaching Hospital NHS Foundation Trust in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

Use of our report

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

Andrew Smith, Key Audit Partner

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

Manchester

24 June 2020

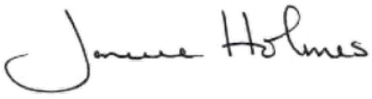
Wirral University Teaching Hospital NHS Foundation Trust

Annual accounts for the year ended 31 March 2020

Foreword to the accounts

Wirral University Teaching Hospital NHS Foundation Trust

These accounts, for the year ended 31 March 2020, have been prepared by Wirral University Teaching Hospital NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.



Signed ……

Name **Janelle Holmes**
Job title **Chief Executive Officer**
Date **24 June 2020**

Statement of Comprehensive Income

	Note	2019/20 £000	2018/19 £000
Operating income from patient care activities	2	343,754	314,040
Other operating income	3	41,769	38,906
Operating expenses	6, 8	(398,720)	(386,763)
Operating surplus/(deficit) from continuing operations		**(13,197)**	**(33,817)**
Finance income	10	130	130
Finance expenses	11	(2,224)	(1,740)
PDC dividends payable		(1,560)	(2,192)
Net finance costs		**(3,654)**	**(3,802)**
Other gains / (losses)	12	(64)	75
Surplus / (deficit) for the year		**(16,915)**	**(37,544)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	2,422	3,503
Revaluations	16	436	740
Total comprehensive income / (expense) for the period		**(14,057)**	**(33,301)**

The notes on pages 123 to 167 form part of these accounts.

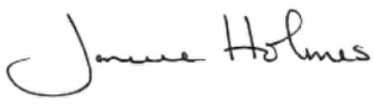
All income and expenditure is derived from continuing operations.

Statement of Financial Position

	Note	31 March 2020 £000	31 March 2019 £000
Non-current assets			
Intangible assets	13	14,029	14,225
Property, plant and equipment	14	161,492	161,213
Receivables	19	974	877
Total non-current assets		**176,495**	**176,315**
Current assets			
Inventories	18	3,992	3,973
Receivables	19	24,376	14,197
Cash and cash equivalents	20	5,931	6,515
Total current assets		**34,299**	**24,685**
Current liabilities			
Trade and other payables	21	(41,873)	(35,213)
Borrowings	23	(85,234)	(1,276)
Provisions	25	(2,926)	(2,951)
Other liabilities	22	(3,000)	(2,881)
Total current liabilities		**(133,033)**	**(42,321)**
Total assets less current liabilities		**77,761**	**158,679**
Non-current liabilities			
Borrowings	23	(6,274)	(73,223)
Provisions	25	(7,555)	(7,786)
Other liabilities	22	(2,588)	(2,788)
Total non-current liabilities		**(16,417)**	**(83,797)**
Total assets employed		**61,344**	**74,882**
Financed by			
Public dividend capital		80,106	79,587
Revaluation reserve		46,728	44,597
Income and expenditure reserve		(65,490)	(49,302)
Total taxpayers' equity		**61,344**	**74,882**

The notes on pages 123 to 167 form part of these accounts.

The primary financial statements on pages 119 to 122 and the notes on pages 123 to 167 were approved by the Trust's Board of Directors on 24 June 2020 and signed on its behalf by Janelle Holmes, Chief Executive Officer.

Signed  24 June 2020

Janelle Holmes
Chief Executive Officer

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	**79,587**	**44,597**	**(49,302)**	**74,882**
Surplus/(deficit) for the year	-	-	(16,915)	**(16,915)**
Other transfers between reserves	-	(723)	723	**-**
Impairments	-	2,422	-	**2,422**
Revaluations	-	436	-	**436**
Transfer to retained earnings on disposal of assets	-	(4)	4	**-**
Public dividend capital received	519	-	-	**519**
Taxpayers' and others' equity at 31 March 2020	**80,106**	**46,728**	**(65,490)**	**61,344**

Statement of Changes in Equity for the year ended 31 March 2019

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2018 - brought forward	**77,575**	**40,876**	**(12,259)**	**106,192**
Impact of implementing IFRS 9 on 1 April 2018	-	-	(21)	**(21)**
Surplus/(deficit) for the year	-	-	(37,544)	**(37,544)**
Other transfers between reserves	-	(515)	515	**-**
Impairments	-	3,503	-	**3,503**
Revaluations	-	740	-	**740**
Transfer to retained earnings on disposal of assets	-	(7)	7	**-**
Public dividend capital received	2,012	-	-	**2,012**
Taxpayers' and others' equity at 31 March 2019	**79,587**	**44,597**	**(49,302)**	**74,882**

Information on reserves

Revaluation reserve
Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenditure, in which case they are recognised in operating expenditure - net impairments. 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 this NHS foundation trust.

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

In 2019/20, the Trust received additional PDC totalling £456k for the *Global Digital Exemplar Programme (GDE),* £41k for *Cyber Security* and £22k in relation to *Covid19 quarantine activities* for repatriated citizens.

Statement of Cash Flows

	Note	2019/20 £000	2018/19 £000
Cash flows from operating activities			
Operating surplus / (deficit)		(13,197)	(33,817)
Non-cash income and expense:			
Depreciation and amortisation	6.1	10,025	8,187
Net impairments	7	(231)	4,492
Income recognised in respect of capital donations	3	(194)	(165)
Amortisation of PFI deferred credit		(109)	(6,348)
(Increase) / decrease in receivables and other assets		(9,995)	4,513
(Increase) / decrease in inventories		(19)	198
Increase / (decrease) in payables and other liabilities		9,764	2,978
Increase / (decrease) in provisions		(218)	7,869
Other movements in operating cash flows		3	-
Net cash flows from / (used in) operating activities		**(4,171)**	**(12,093)**
Cash flows from investing activities			
Interest received		133	124
Purchase of intangible assets		(1,419)	(2,578)
Purchase of PPE and investment property		(8,631)	(9,286)
Sales of PPE and investment property		32	218
Receipt of cash donations to purchase assets		194	130
Net cash flows from / (used in) investing activities		**(9,691)**	**(11,392)**
Cash flows from financing activities			
Public dividend capital received		519	2,012
Movement on loans from DHSC		16,999	24,027
Capital element of finance lease rental payments		(61)	(60)
Interest on loans		(2,186)	(1,583)
Other interest		(1)	(1)
Interest paid on finance lease liabilities		(7)	(10)
PDC dividend (paid) / refunded		(1,985)	(2,335)
Net cash flows from / (used in) financing activities		**13,278**	**22,050**
Increase / (decrease) in cash and cash equivalents		**(584)**	**(1,435)**
Cash and cash equivalents at 1 April - brought forward		**6,515**	**7,950**
Cash and cash equivalents at 31 March	20.1	**5,931**	**6,515**

Note 1 Accounting policies

NHS Improvement, in exercising the statutory functions conferred on Monitor, is responsible for issuing an accounts direction to NHS foundation trusts under the NHS Act 2006. NHS Improvement has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the *Department of Health and Social Care Group Accounting Manual (DHSC GAM)*, which shall be agreed with HM Treasury and which therefore meets the requirements of HM Treasury's *Financial Reporting Manual (FReM)*.

Consequently, the following financial statements and associated notes have been prepared in accordance with the *DHSC GAM 2019-20* issued by the Department of Health and Social Care (DHSC). The accounting policies contained in the manual follow International Financial Reporting Standards (IFRS) to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board.

Where the *DHSC 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.

Going Concern

The Trust is judged to be a going concern if it is to continue in operation for the foreseeable future. There is no presumption of going concern status for NHS foundation trusts. Directors must decide each year whether or not the Trust is a going concern, and whether it is appropriate for the Trust to prepare its accounts on the going concern basis.

In forming a view, the directors have considered key factors captured in the Trust's 2020/21 plan and beyond. This assessment covers a period of at least 12 months from the date of approval of the financial statements.

In particular, the directors have noted the following factors:

- No major losses of commissioner income are anticipated, and the list of commissioner-requested services remains unchanged.
- Total borrowing as at March 2020 of £91m with cash forecasting suggesting a further requirement in 2020/21 of £5m relating to the 2019/20 deficit.
- These borrowings are 'unapproved' as specific contracts for each planned draw of cash have not yet been signed, which is consistent with DHSC's current borrowing regime.
- In March 2020 the operational planning process for 2020/21 was suspended by NHS England/Improvement who announced amended financial arrangements for the period 1 April to 31 July 2020 to enable the NHS to respond to Covid19. These arrangements include a nationally determined 'block contract' payment plus 'top up' where required to ensure all Trusts costs are covered allowing a 'break-even' position. To date contracting arrangements after 31 July 2020 have not been confirmed by the regulators and the Trust has not been required to submit operational or financial plans for the 2020/21.
- Whilst contracting arrangements have not been confirmed the Government has issued a mandate to NHS England for the continued provision of health services in England in 2020/21 and Commissioner allocations have been set for the remainder of 2020/21. Guidance has confirmed that the Trust can therefore continue to expect NHS funding to flow at similar levels to those previously provided where services are reasonably still expected to be commissioned.

Further relevant factors considered in relation to borrowings are listed below:

- As announced in the April 2020 NHSI publication "Reforms to the NHS Cash Regime" all interim revenue support and working capital loans as at 31st March 2020 will be repaid during 2020/21 with new Public Dividend Capital (PDC) issued by DHSC for that purpose. This PDC funding does not require repayment of principle, thereby removing a previous material uncertainty over the Trust's ability to repay current loans. The Trust anticipates that this new PDC funding will allow repayment of all but £7.2m of existing loan debt. The remaining debt representing long term capital loans being repaid at £1.0m per year.
- Future revenue support will be available as additional PDC with no requirement for repayment of principle. A Memorandum of Understanding (MoU) will detail specific terms and conditions for each additional drawdown.
- The Trust anticipates implicit approval of future requests to drawdown additional PDC through DHSC and NHSI's acceptance of the Trust's plans.

In summary, the directors have identified that the following factors represent *material uncertainty that may cast significant doubt about the Trust's ability to continue as a going concern,* in line with DHSC guidance.

- Reliance on additional as yet unconfirmed PDC drawdown in 2020/21 relating to prior year performance.
- Reliance on additional as yet unconfirmed PDC drawdown in 2020/21 relating to the expected in-year deficit, and the levels of non-recurrent funding within the 2020/21 plan which are not expected to be available in 2021/22 and beyond.
- Contracting arrangements after 31 July 2020 are still to be confirmed.

Nevertheless, and notwithstanding the present and forecast sector-wide challenges noted within this Annual Report and Accounts, the directors have noted that the Trust intends to continue to operate for the foreseeable future, and has not been informed by any relevant national body of any intention related to the dissolution of the Trust. For this reason, they continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include the adjustments that would result if the Trust was unable to continue as a going concern.

1.1 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, and certain financial assets and financial liabilities.

These accounts have been prepared on a going concern basis, as explained under *Critical accounting judgements*, below.

The financial statements are presented in pounds sterling, stated in thousands unless expressly stated otherwise.

Assets and liabilities are classified as current if they are expected to be realised within, or where they have a maturity of less than, twelve months from the Statement of Financial Position (SOFP) date. All other assets and liabilities are classified as non-current.

1.2 Joint operations accounting

Joint operations (Note 17) are collaborative arrangements over which the Trust has joint control with one or more other entities, which typically involves the pooling of assets and the sharing of expenditures rather than the establishment of a separate entity. The Trust has the rights to particular assets or a share of certain assets, and obligations for particular liabilities or a share of certain liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement. Where material, the Trust includes within its financial statements its share of each operation's assets, liabilities, income and expenditure.

1.3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Trust's accounting policies, management is required to make various judgements, estimates and assumptions which create a risk of material uncertainty.

These judgements, estimates and assumptions are based on historical experience and other factors considered of relevance. Actual results may differ from those estimates, and underlying assumptions are regularly reviewed. Revisions to estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

1.3.1 Critical accounting judgements

Listed below are areas where management has made judgements, apart from those involving estimations (see 1.3.2), in the process of applying the Trust's accounting policies, which are deemed most significant to the amounts recognised in the financial statements.

Asset valuation, lives and depreciation

The *DHSC GAM* requires that the valuation of the Trust's specialised buildings is based on a modern equivalent asset (MEA) with the same productive capacity as the property being valued. The Trust has opted to interpret the MEA basis as pertaining to a single combined hospital facility ('single site model') wholly located at the Trust's Clatterbridge site, and this fundamentally affects valuation processes, generally reducing asset carrying values. The valuation given is made on an 'existing use' basis and represents the amount for which the buildings could be sold between a 'willing buyer and a willing seller in an arms-length transaction'. The valuation amount is that receivable by the willing seller excluding VAT if applicable.

The Trust has judged that this single combined hospital model is effectively a single asset for the purposes of applying IAS 16 *Property, Plant and Equipment*, with each significant building 'sub-asset' as a separately depreciating component. The component parts of each building 'sub-asset' are not themselves judged to have sufficient cost in relation to the single combined facility to require separate depreciation under the standard. This judgement affects the overall depreciation of the Trust's estate.

Additionally, the valuation of buildings requires decisions as to whether assets or groups of assets are specialised or non-specialised, which can lead to significantly different valuations, as described under *1.8 Property, plant and equipment.*

1.3.2 Key source of estimation uncertainty

The following is a key source of estimation uncertainty at the end of the reporting period that presents significant risk of causing a material adjustment to the carrying amount of assets or liabilities within the next financial year.

Asset valuation and lives

The value and remaining useful lives of land and building assets are estimated by the Trust's valuers, Cushman & Wakefield. Valuations are carried out annually and are performed in accordance with the Royal Institute of Chartered Surveyors' *RICS Valuation - Professional Standards* (the 'Red Book'), primarily on the basis of depreciated replacement cost on a modern equivalent asset (MEA) basis for specialised operational property and existing use value for non-specialised operational property, as described under *1.8 Property, plant and equipment.*

Where assets are of low value and/or have short useful economic lives, such as operational equipment, they are carried at depreciated historical cost (cost less any accumulated depreciation) as this is not considered to be materially different from fair value. The lives of equipment assets are estimated using historical experience of similar equipment lives with reference to national guidance and consideration of the pace of technological change. Intangible software licences are depreciated over the shorter of the term of the licence and the useful economic life.

The Trust undertakes annual revaluations of estate assets to reduce estimation uncertainty relating to asset lives and depreciation so as to minimise risk of material adjustments. However, the Trust's reliance on valuation methods does present a risk relating to the carry amount of non-current assets. Valuation methods assess alterations made to Trust estate since the previous valuation, building areas, location, physical condition and functional obsolescence and assessment of the current cost of replacement referencing previous valuations and using building cost indices such as the BCIS "All In" Tender Price Index.

The total balance of intangible and tangible fixed assets as at 31 March 2020 is £176m (31 March 2019 £175m), of which £137m relates to estate assets. The Arrowe Park Hospital site is valued at £105m and whilst operationally inseparable the remaining lives of significant elements of the site have been assessed in the range of 27 to 44 years. The Clatterbridge Hospital site is valued at £31m and whilst operationally inseparable the remaining lives of significant elements of the site have been assessed in the range of 25 to 38 years.

In response to the impact of Covid19 the Trust's valuers have declared a 'material valuation uncertainty' in relation to their valuation as at 31 March 2020. This is in response to the global impact of Covid19 generating an unprecedented set of circumstances on which their valuation has been based. As a result valuers have declared that a higher degree of caution should be attached to the valuation than would normally be the case due to the unknown future impact of Covid19 on the property market. This material uncertainty is being declared by all RICS compliant valuers of NHS property nationally and is not specific to this Trust.

The valuation report has not indicated a range of uncertainty attached to its findings. For illustrative purposes however, a 10% change in the valuation of land and buildings would have a £13.7m effect on the statement of financial position with a £0.24m impact on the PDC dividend due to be paid next year and accrued in these financial statements.

The Trust continues to place reliance on Cushman & Wakefield's valuation which has been produced to the same professional standards and regulations as in prior years. Cushman & Wakefield have explicitly stated that the inclusion of the 'material valuation uncertainty' declaration does not mean that the valuation cannot be relied on, it reflects the fact that in the current extraordinary circumstances less certainty can be attached to the valuation than would otherwise be the case. It is possible that the COVID-19 pandemic will affect the Trust's future assessment of what would be required in a modern equivalent asset, but as yet there is insufficient evidence to affect the assumptions used in the valuation.

1.4 Income

1.4.1 Contract income – service delivery

Recognition and measurement

All contract income in respect of services provided is recognised in accordance with IFRS 15 *Revenue from Contracts with Customers.* That is, income is recognised to the extent that collection of consideration is probable. Income is recognised when (or as) contractual performance obligations are satisfied, by delivering promised goods and services to the customer, and is measured at the amount of the transaction price allocated to those performance obligations.

The *DHSC GAM* expands the definition of a contract to include legislation and regulations, which enable an entity to receive cash or another financial asset, not classified as tax by the Office of National Statistics. Where permitted to retain such taxes, fines and penalties, the income is also deemed to fall in scope of IFRS 15.

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. When income is received for a specific performance obligation that is to be satisfied in the following year, that income is deferred and held on-SOFP as a contract liability. If, and to the extent that, a contract specifies entitlement to consideration in advance, but performance obligations are not yet satisfied, a contract receivable is recognised and the corresponding income is deferred through the recognition of a contract liability.

Income from NHS contracts

The main source of income for the Trust is contracts with commissioners in respect of healthcare services. A performance obligation relating to delivery of a spell of healthcare is generally satisfied over time, as healthcare is received and consumed simultaneously by the customer as the Trust performs it. Clinical coders capture the clinical activity within the Trust, and in most cases payment is received/receivable within a month of service delivery.

Where the Trust is aware of a penalty based on contractual performance, the Trust reflects this in the transaction price for income recognition; income is reduced by the value of the penalty. This occurs for readmissions, whereby the Trust foregoes income in cases where a patient is readmitted within 30 days of discharge from a previous planned stay. The Trust receives income from commissioners under Commissioning for Quality and Innovation (CQUIN) schemes. The Trust agrees schemes with its commissioner but they affect how care is provided to patients. That is, the CQUIN payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the contract.

Where a patient care spell is incomplete at the year end, income relating to the partially complete spell is accrued in the same manner as other income, and this accrued income is agreed with the commissioner. The income for patients admitted before 31 March but not discharged before midnight 31 March is calculated on the basis of average length of stay for the admitting speciality less the patient's length of stay at midnight 31 March.

In the case of maternity pathways, the performance obligation is deemed to be satisfied over time and income is deferred in proportion with the expected length of treatment time outstanding.

1.4.2 Injury Cost Recovery (ICR) income

The Trust receives income under the NHS ICR Scheme, which is designed to recover the costs to NHS providers of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer in relation to a road traffic accident (RTA).

The DH GAM interprets ICR income as being within the scope of IFRS 15. The Trust recognises ICR income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit (CRU) that the individual has lodged a compensation claim, and once the Trust has verified the details of the treatments provided. This confirmation constitutes the performance obligation for this income stream.

The income is measured at the agreed tariff for the treatments provided to the injured individual, less a *loss allowance* for unsuccessful compensation claims and doubtful debts. This allowance is as advised by CRU to DHSC, and is in line with the requirement of IFRS 9 *Financial Instruments* to measure and recognise expected credit losses over the lifetime of the asset.

1.4.3 Government and other grants

Where a grant is conditional and to be used to fund revenue expenditure, it is taken to the SOCI to match that expenditure, consistent with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance.* Recognition of grant income relating to an asset is addressed in *1.9 Donated and grant-funded assets.*

1.4.4 Apprenticeship income

The value of the benefit received when accessing training funds related to the government's apprenticeship service is recognised as income in accordance with IAS 20, that is, at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider, non-cash income and corresponding non-cash training expenditure are both recognised, both equal to the cost of the training funded.

1.4.5 Sale of Assets

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

1.4.6 Research Income

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.

1.4.7 Provider sustainability fund (PSF), Financial recovery fund (FRF) Income, Marginal rate emergency tariff (MRET)

The PSF and FRF enable NHS providers to earn income linked to the achievement of financial controls and performance targets. Access to both funds is unlocked as NHS providers meet their financial control totals. Funding is released quarterly on achievement of the financial control total. Under IFRS15 income earned from the funds is accounted for as variable consideration.

MRET was introduced in 2010/11 and saw providers paid a marginal rate instead of the regular tariff price for emergency admissions above a baseline figure. This was to provide an incentive for closer working between providers and commissioners to support the shift of care out of hospital settings to keep the number of emergency admissions to a minimum. In 2019/20 MRET was abolished as a national rule. As the Trust agreed its control total it was eligible to receive central income in its place with no in year financial or other performance requirements. As part of the changes to the financial architecture associated with the end of control totals in 2020/21, MRET funding going forward will transfer into baseline resources and be available as a recurrent source of income.

1.5 Expenditure on 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 the SOCI except where it results in the creation of assets such as inventory or property, plant and equipment.

1.6 Expenditure on employee benefits

1.6.1 Short-term employee benefits

Salaries, wages and employment-related expenditures, including social security (national insurance) costs and costs related to the apprentice levy, are recognised in the period in which the service is received from employees, including non-consolidated performance pay earned but not yet paid.

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

1.6.2 NHS Pensions

The schemes

Past and present employees are covered by the provisions of the two NHS schemes administered by NHS Pensions. Both are unfunded, defined benefit schemes that cover NHS employers, GP practices and other bodies allowed under the direction of the Secretary of State in England and Wales. The schemes are not administered 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 though it was a defined contribution scheme.

Details of the benefits payable and rules of the schemes can be found on the NHS Pensions website at https://www.nhsbsa.nhs.uk/nhs-pensions.

Pension costs

The cost to the Trust of participating in the schemes is taken as equal to the contributions payable to the schemes for the accounting period. That is, employer's pension costs of contributions are charged to operating expenditure as and when they become due.

For early retirements other than those due to ill-health, the additional pension liabilities are not funded by the NHS pension schemes. The full liability for the additional costs is charged to Trust expenditure at the time the Trust commits itself to the retirement, regardless of the method of payment.

Accounting valuation

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, HM Treasury's *FReM* requires that 'the period between formal valuations shall be four years, with approximate assessments in intervening years'. An outline of these assessments follows.

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 schemes' liabilities as at 31 March 2020 is based on the valuation data as at 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant *FReM* interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

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 their recent demographic experience), and to recommend the contribution rates to be paid by employees and employers.

The latest published actuarial valuation undertaken for the NHS pension schemes was completed as at 31 March 2016. The results of this valuation set the employer contribution to 20.6% of pensionable pay from this date, and the Scheme Regulations were amended accordingly.

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

National Employment Savings Trust (NEST)

NEST is a defined contribution pension scheme that was created as part of the government's workplace pensions reforms under the Pensions Act 2008. This alternative scheme is provided under the Trust's 'automatic enrolment' duties to the small number of employees who choose this scheme or do not contribute to the NHS pension schemes.

NEST levies a contribution charge and an annual management charge which is paid for from employee contributions. There are no separate employer fees levied by NEST. The Trust is legally required to make a minimum contribution for opted-in employees who earn more than the qualifying earnings threshold, and the cost to the Trust of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period. That is, employer's pension costs of contributions are charged to operating expenditure as and when they become due.

1.7 Intangible assets

IFRS 13 *Fair Value* is adopted in full. However, IAS 38 *Intangible Assets* has been adapted and interpreted for the public sector context, which limits the circumstances in which a valuation is prepared under IFRS 13.

1.7.1 Recognition

Intangible assets are non-current, non-monetary assets without physical substance which are capable of sale separately from the rest of the Trust's business or which arise from contractual or other legal rights. An intangible asset is recognised only where it is probable that future economic benefits will flow to, or service potential will be provided to, the Trust, the asset is expected to be used for at least one financial year, and where the cost of the asset can be measured reliably and is at least £5,000 including irrecoverable VAT.

IAS 23 *Borrowing Costs* requires borrowing costs incurred in connection with the acquisition or construction of an intangible asset which is measured at *current value in existing use* to be capitalised and included within the cost of the asset.

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

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets. Expenditure on research is not capitalised, and is recognised in operating expenditure in the period it was incurred.

Expenditure on development is capitalised only when all of the following conditions are met.

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

1.7.2 Measurement

Valuation – carrying amount

Intangible assets are recognised initially at cost, comprising borrowing costs where relevant, and all directly attributable costs needed to create, purchase, 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*, by reference to an active market (market value in existing use). Where no active market exists, intangible assets are valued at the lower of amortised replacement cost (modern equivalent assets basis) and the *value in use* where the asset is income-generating.

Amortisation

Intangible assets are amortised over their expected useful economic lives on a straight-line basis consistent with the consumption of economic or service delivery benefits.

The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. This is an accounting estimate and may prove to be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis.

Expected useful economic lives at point of first recognition are usually as follows.

Software	1 to 14 years.

Intangible assets under construction, revaluation gains and losses, impairments and disposals *are treated in the same manner as for property, plant and equipment.*

1.8 Property, plant and equipment

IFRS 13 *Fair Value* is adopted in full. However, IAS 16 *Property, Plant and Equipment* has been adapted and interpreted for the public sector context, which limits the circumstances in which a valuation is prepared under IFRS 13.

1.8.1 Recognition

Property, plant and equipment is capitalised where the following conditions are met.

- The item 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.
- The item is expected to be used for more than one financial year.
- The cost of the item can be measured reliably.
- The cost meets at least one of the following three criteria.
    - For single assets, the cost is at least £5,000, including irrecoverable VAT.
    - For grouped assets, where the assets are functionally interdependent (e.g. networked IT equipment), their collective cost is at least £5,000, they have broadly simultaneous purchase dates and anticipated disposal dates, are under single managerial control, and each individual cost exceeds £250, including irrecoverable VAT.
    - The cost forms part of the initial equipping and setting-up, or refurbishment, costs of a building, ward or unit, and each individual asset exceeds £250 including irrecoverable VAT, provided that the refurbishment work would qualify as subsequent expenditure in IAS 16 terms (described below).

IAS 23 *Borrowing Costs* requires borrowing costs incurred in connection with the acquisition or construction of an asset measured at *current value in existing use* to be capitalised and included within the cost of the asset.

1.8.2 Measurement

Valuation – carrying amount

All property, plant and equipment assets are measured initially at cost, comprising borrowing costs where relevant, and all 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. The carrying amount in the period between initial recognition and any revaluation is this initial cost less any subsequent accumulated depreciation and impairment.

Generally, assets that are held for their service potential and are in use are measured subsequently (revalued) at their *current value in existing use*. Assets that were most recently held for their service potential but are surplus are measured at fair value where there are no restrictions preventing access to the market at the reporting date.

Valuation by asset category is further detailed below.

Surplus assets, which are non-operational assets with no clear plans to be brought back into use, are valued at *fair value – highest and best use* under IFRS 13 *Fair Value Measurement*, if they do not meet the requirements of IAS 40 *Investment Property* or IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, and there are no restrictions on the Trust or the assets which would prevent access to the market at the reporting date. If access to the market is prevented, such assets are valued at *current value in existing use.*

Assets re-classified as held-for-sale under IFRS 5 are measured at the lower of their *carrying amount* or *fair value less costs to sell,* and are not depreciated.

Property, plant and equipment assets which are not part of the Trust's estate (neither property nor land assets, e.g. medical equipment, IT equipment, vehicles, furniture and fittings) should be held at *current value in existing use*. However, these equipment assets are not revalued, but are held at depreciated historical cost (DHC), net of impairments. This is because DHC is not considered to be materially different from *current value in existing use*, for short-life low-value assets.

Assets under construction, for service or administrative purposes, are measured at the cost of construction less any impairment loss. The cost of construction includes relevant professional fees, and, where capitalised in accordance with IAS 23 *Borrowing Costs*, borrowing costs. Assets are reclassified to the appropriate category when they are brought into use, and depreciation commences. For an asset that is newly-constructed, a formal revaluation should only be necessary if there is an indication that the initial cost is significantly different from the potential revalued amount. Otherwise, the asset is only revalued on the next occasion when all assets of that class are revalued.

Property, plant and equipment assets comprising the Trust's estate (property and land) are professionally revalued as follows.

- Specialised buildings – *current value in existing use*, which is taken to be equivalent to depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis.

- Land and non-specialised buildings – *current value in existing use*, which is interpreted as market value for existing use, which is defined in the Royal Institute of Chartered Surveyors' 'Red Book' (*RICS Valuation – Professional Standards*) as existing use value (EUV).

Professional independent revaluations of property and land assets are performed with sufficient regularity to ensure that carrying amounts are not materially different from *current value in existing use* at the end of the reporting period. They are carried out as mandated by management by a qualified valuer, who is a member of the Royal Institute of Chartered Surveyors (RICS) and in accordance with the Practice Statements contained within *RICS Valuation - Professional Standards* (the 'Red Book').

Cushman & Wakefield has performed a 'desktop' revaluation of the Trust's land and buildings as at 31 March 2020. The last full revaluation was undertaken as at 31 March 2019. Interim professional 'desktop' revaluations are currently carried out annually, between the full revaluations which take place every 5 years, in line with *DHSC GAM*. Between revaluation exercises, the carrying amount of an asset is the value at the date of previous revaluation less any subsequent accumulated depreciation, and less any subsequent accumulated impairment losses.

Prior to 31 March 2009, the depreciated replacement cost of specialised buildings was based on an exact replacement of the asset in its present location, whereas HM Treasury has since required that the MEA basis also includes an alternative site valuation basis, provided that the location requirements of the service are met. The MEA concept generally requires that replacement cost is based on the cost of a modern replacement asset that has the same productive capacity as the property being valued. From 2017, the Trust has opted to interpret the MEA basis as pertaining to a single combined hospital facility ('single site model') wholly located at the Trust's Clatterbridge site.

The accounting entries for revaluation gains and losses are detailed below. Where an individual asset is revalued, then all the assets within its class must be revalued at the same time.

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 will flow to the Trust, and the cost of the item can be determined reliably. That is, only subsequent expenditure which enhances an asset beyond its original specification can be capitalised.

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 which has been replaced is de-recognised and charged to expenditure in the SOCI.

Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance intended to restore an asset to its original specification, is charged to the SOCI in the period in which it is incurred.

Depreciation

Depreciation is charged to write down the costs or valuation of certain items of property, plant and equipment, less any residual value, over their remaining useful economic lives on a straight-line basis. It is an operating expenditure within the SOCI.

The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. This is an accounting estimate and may prove to be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis.

Freehold land is considered to have an infinite life and is not depreciated. Property, plant and equipment which is reclassified as held-for-sale under IFRS 5 ceases to be depreciated at the point of reclassification. Assets under construction are not depreciated until the assets are brought into use.

Finance-leased assets are depreciated over the shorter of the useful economic life or the lease term, unless the Trust expects to acquire the asset at the end of the lease term. If this is the case, the asset is depreciated in the same manner as owned assets.

Property is usually depreciated over the following useful economic lives.

- Buildings excluding dwellings 1 to 80 years.
- Dwellings 1 to 80 years.

Equipment is usually depreciated over the following useful lives.

- Plant and machinery 1 to 17 years.
- Transport equipment 1 to 10 years.
- Furniture and fittings 1 to 13 years.
- Information technology equipment 1 to 7 years.

These useful economic lives reflect the total life of an asset when it is recognised, and not its remaining life.

Revaluation gains and losses

Revaluation gains / increases are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease / impairment that has previously been recognised in operating expenditure, in which case they are credited to expenditure to the extent of the decrease previously charged there.

Revaluation losses / decreases that do not result from a loss of economic value or service potential are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to expenditure.

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

Impairments

At each reporting period end, the Trust checks whether there is any indication that any of its property, plant and equipment or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

In accordance with the *DHSC GAM*, impairments that arise from a clear consumption of economic benefits or service potential are charged to operating expenditure. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of:

- the impairment charged to operating expenditure; and
- the balance in the revaluation reserve attributable to that asset before impairment.

An impairment arising from a clear consumption of economic benefit or service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss are reversed. Reversals are recognised as a credit to operating expenditure and capped to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. 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, such as losses due to changes in market price, are treated as revaluation losses. Reversals of these 'other impairments' are treated as revaluation gains, as described above.

1.8.3 De-recognition

A non-current asset intended for disposal is reclassified under IFRS 5 as held-for-sale once all of the following criteria are met.

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

Following reclassification, the asset is measured at the lower of its carrying amount and fair value less costs to sell. Depreciation ceases to be charged. The asset is then fully de-recognised when all material sale contract conditions have been met.

It is possible for assets to be disposed of directly from operational property, plant and equipment categories, without revaluation or reclassification as surplus or held-for sale, should the conditions for reclassification not be met for an appreciable period. Any property, plant and equipment asset which is to be scrapped or demolished does not qualify for recognition as held-for-sale, and instead is retained as an operational asset with an adjustment to the asset's economic life. The asset is de-recognised when scrapping or demolition occurs.

1.9 Donated and grant-funded assets

Donated and grant-funded property, plant and equipment assets are capitalised at *current value in existing use*, if they will be held for their service potential, or otherwise at fair value on receipt, with a matching credit to income. If received to fund the purchase of a specific asset, the donation / grant is credited to income at the same time, unless the donor imposes a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor (for example, a grant is conditional on the future purchase or construction of an asset). When such a condition is imposed, the donation/grant is held as deferred income within liabilities in the SOFP, 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.

1.10 Private Finance Initiative (PFI) transactions and service concessions

Certain PFI transactions are accounted for as 'on Statement of Financial Position' or 'on SOFP' by the Trust, when they meet the definition of a service concession, as defined by IFRS Interpretations Committee (IFRIC) 12 *Service Concession Arrangements*, interpreted in HM Treasury's *FReM*. In accordance with IAS 17 *Leases*, the underlying assets are recognised as property, plant and equipment when they come into use, together with an equivalent liability. Subsequently, the assets are accounted for as property, plant and equipment.

There are no annual contract payments ('unitary fees') or service charges payable in relation to the Trust's single 'service concession' asset, as the operator's income derives from charges to users. As outlined in Note 22, a deferred income balance has been created which is released each year as income which offsets, but does not necessarily match, the straight line depreciation charge incurred over the asset's useful economic life.

1.11 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 or the weighted average cost method.

1.12 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 date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and bank balances are recorded at the current values of these balances in the Trust's cash book. These balances exclude monies held in the Trust's bank account belonging to patients (see *Third party assets,* below).

1.13 Financial instruments

1.13.1 Recognition

Financial assets and financial liabilities which arise from contracts for 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, are recognised when, and to the extent that, performance occurs i.e. when receipt or delivery of the goods or services is made. For financial assets, recognition is therefore aligned with *1.4 Income*, with regard to IFRS 15 and the expansion of the definition of a contract.

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 (*1.14 Leases*), and provisions are recognised and measured in accordance with *1.15 Provisions*.

All other financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

1.13.2 De-recognition

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired, the Trust has transferred substantially all of the risks and rewards of ownership, or the Trust has not retained control of the asset.

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

1.13.3 Classification and measurement

The classification of financial instruments is determined by their cash flow and business model characteristics, as set out in IFRS 9 *Financial Instruments*, and is determined at the time of initial recognition. The only categories of financial assets and financial liabilities held by the Trust are 'Financial assets/liabilities held at amortised cost'.

Financial assets held at amortised cost

These are financial assets which are held with the objective of collecting contractual cash flows, where the cash flows are solely payments of principal and interest. They are included in non-current assets and current assets.

The Trust's *financial assets held at amortised cost* comprise cash and cash equivalents, and parts of the Trust's trade receivables, accrued income and other receivables balances.

They are recognised initially at fair value, net of transaction costs, and are measured subsequently at amortised cost, using the effective interest method, less any impairment / loss allowance. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount (before adjusting for any loss allowance) of the financial asset.

Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques. For current receivables, both fair value and amortised cost usually equate to invoice value.

Financial liabilities held at amortised cost

Other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the liability to the amortised cost of the financial liability.

The Trust's *financial liabilities held at amortised cost* comprise parts of the Trust's trade payables, accruals and other payables, provisions under contract, and DHSC loans balances for which the effective interest rate is the nominal rate of interest charged on the loan.

Financial liabilities are included in current liabilities except for any amounts payable more than 12 months after the Statement of Financial Position date, which are classified as non-current liabilities.

Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques. For current payables, both fair value and amortised cost usually equate to invoice value.

1.13.4 Impairment of financial assets

The term 'impairment' refers both to the permanent 'write-off' of a debt, and the creation of a 'loss allowance' balance for a debt or group of debts. Other than ICR receivables (*1.4.2 Injury Cost Recovery (ICR) income*), the only financial assets impaired by the Trust, in this and the previous year, have been trade receivables.

The ICR allowance is calculated at a rate of 21.79% (21.89% 2018/19), and this percentage reflects the average value of claims withdrawn as advised to DHSC by the Compensation Recovery Unit (CRU) of the Department for Work and Pensions. This percentage is updated by the CRU, and reflects expected rates of collection across the NHS.

In accordance with IFRS 9, the Trust adopts the 'simplified approach' to non-ICR receivables impairment. The Trust recognises a loss allowance at an amount equal to lifetime expected credit losses. This balance is generated through the use of 'provision matrices' to calculate lifetime expected credit losses for groups of receivables in different customer segments. They are based on the observed loss rates (%) over the lifetime of Trust debt, for different debt 'age' categories in 30 day time-bands, adjusted for any relevant forward-looking factors. These percentage loss rates are directly applied to balances held in the different age categories as at 31 March, to create the allowance. This activity is referred to as 'stage-2' impairment in *DHSC GAM*.

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

For individual financial assets for which there exists objective evidence of credit impairment since initial recognition, such that the Trust finds itself unable to collect amounts due ('stage 3' impairment), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. This normally equates to the difference between the invoice value and expected cash inflows, for the Trust's trade receivables, due to standard payment terms. When there is no reasonable expectation of recovery, a 'write-off' adjustment is recognised in the SOCI as an impairment gain or loss, and the carrying amount of the asset is reduced directly.

1.14 Leases

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

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

In applying IFRIC 4 *Determining whether an Arrangement Contains a Lease*, collectively significant rental arrangements that do not have the legal status of a lease but convey the right to use an asset for payment are accounted for under the Trust's lease policy, where fulfilment of the arrangement is dependent on the use of specific assets.

1.14.1 Finance leases – Trust as lessee

At the commencement of the lease, the asset is recorded as property, plant and equipment, and a corresponding liability is recognised. 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, with any initial direct costs of the lessee added to the amount recognised as an asset only. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

Thereafter, the asset is accounted for as an item of property, plant and equipment.

The annual rental is split between the repayment of the liability and a finance cost, which is calculated by applying the implicit interest rate to the outstanding liability, 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 SOCI. The lease liability is de-recognised when the liability is discharged, cancelled or expires.

In summary, the various charges apply as follows.

- The finance charge is allocated across the lease term on a straight line basis.
- Depreciation is charged on the asset as per the Trust's property, plant and equipment policy.
- Contingent rents (e.g. variable costs based on usage) are recognised as operating expenditure in the period in which they are incurred.
- Any lease rental expenditure that would otherwise have been charged to expenditure under an operating lease is fully de-recognised.

1.14.2 Finance leases – Trust as lessor

At the commencement of the lease, the asset is de-recognised from property, plant and equipment, and a 'finance lease debtor' balance is recognised within 'other receivables', which is calculated as the aggregate of future minimum lease payments receivable and the unguaranteed residual value accruing to the Trust, discounted at the interest rate implicit in the lease.

The interest rate implicit in the lease is the discount rate that, at the inception of the lease, causes the aggregate present value of both the minimum lease payments and the unguaranteed residual value to be equal to the sum of the fair value of the leased asset and any initial direct costs of the lessor.

The annual rental inflows are split between repayment of the Trust's receivable, and finance income in the SOCI. Finance income is calculated by applying the implicit interest rate to the outstanding receivable, so as to achieve a constant rate of finance over the life of the lease.

1.14.3 Operating leases

Operating leases are any leases which are not classified as finance leases. Operating lease rental expenditure, net of incentives, is charged to operating expenditure on a straight-line basis over the lease term.

Operating lease rental income broadly mirrors the treatment of lease expenditure, and is credited to operating income, in the SOCI, 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 expenditure on a straight-line basis over the lease term.

1.15 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation, as a result of a past event, of uncertain timing or amount, for which the following conditions are true.

- It is probable that there will be a future outflow of cash or other resources.
- A reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision in the SOFP is the best estimate of the expenditure required to settle the obligation, taking into account risks and uncertainties. Where a provision is measured using the estimated risk-adjusted cash flows required to settle the obligation, and where the effect of the time value of money is significant, its carrying amount is the present value of those cash flows using HM Treasury's discount rates.

For post-employment benefits including early retirement provisions and injury benefit provisions, HM Treasury's pension discount rate in real terms of minus 0.50% (positive 0.29% 2018/19) is used.

All other provisions are subject to three separate discount rates according to the expected timing of cash flows from the Statement of Financial Position date.

- The nominal short-term rate is 0.51% (0.76% 2018/19) for inflation-adjusted expected cash flows up to and including 5 years.
- The nominal medium-term rate is 0.55% (1.14% 2018/19) for inflation-adjusted expected cash flows over 5 years up to and including 10 years.
- The nominal long-term rate is 1.99% (1.99% 2018/19) for inflation-adjusted expected cash flows over 10 years.

All percentages are expressed in nominal terms. Nominal rates do not take account of inflation and therefore the Trust inflates the cash flows relating to general provisions accordingly in a manner prescribed by DHSC.

1.15.1 Clinical negligence costs

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

1.15.2 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 NHSR 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 expenditure when the Trust is notified that they are due.

1.16 Contingencies

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

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

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

1.17 Public dividend capital (PDC)

PDC is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of predecessor NHS trust(s), with the addition of subsequent further investment by DHSC in the Trust and its predecessors. It expresses the DHSC's total investment in the Trust. At any time, the Secretary of State can issue new PDC to and require repayments of PDC from the Trust. PDC is recorded at the value received.

HM Treasury has determined that, being issued under statutory authority rather than under contract, PDC is not a financial instrument within the meaning of IAS 32 *Financial Instruments: Presentation.*

An annual charge, reflecting the forecast cost of capital utilised by the Trust, is payable to DHSC as PDC dividend. The charge is calculated at the real rate set by the Secretary of State with the consent of HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year.

Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for the following.

- Donated assets (including lottery funded assets)
- Average daily cash balances held with the Government Banking Service (GBS) and National Loan Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility
- Any PDC dividend balance receivable or payable.

In accordance with the requirements laid down by DHSC, as the issuer of PDC, the dividend for the year is calculated on the actual average relevant net assets as set out in the 'pre-audit' version of the annual accounts. The dividend thus calculated is not revised should any adjustment occur as a result of the audit of the annual accounts.

1.18 Value added tax (VAT)

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. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets.

1.19 Corporation tax

As an NHS foundation trust, Wirral University Teaching Hospital NHS Foundation Trust is specifically exempted from corporation tax through the Corporation Tax Act 2010. The Act provides that HM Treasury may dis-apply this exemption only

through an order via a statutory instrument (secondary legislation). Such an order could only apply to activities which are deemed commercial, and arguably much of the Trust's other operating income is ancillary to the provision of healthcare, rather than being commercial in nature. No such order has been approved by a resolution of the House of Commons. There is therefore no corporation tax liability in respect of the current financial year.

1.20 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. However, they are disclosed in Note 20.2., as required by HM Treasury's *FReM.*

1.21 Foreign currencies

The functional and presentational currency of the Trust is pounds sterling, presented in thousands unless expressly stated otherwise. A transaction which is denominated in a foreign currency is translated into sterling at the spot exchange rate on the date of the financial transaction.

At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Exchange gains or losses (arising on settlement of the transaction or on retranslation on 31 March) are recognised in income or expenditure in the period in which they arise.

1.22 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that each individual case is handled.

Losses and special payments are charged to several relevant functional headings in expenditure on an accruals basis, with the exception of provisions for future losses, and include losses which would have been made good through insurance cover had foundation trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

1.23 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value. The Trust has not issued any gifts with the exception of occasional ad hoc collaborative gestures with NHS partners of a trivial nature.

1.24 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been 'early adopted' in 2019/20.

1.25 Accounting standards issued but not yet effective or adopted

HM Treasury, via the *FReM*, applies EU-adopted IFRS with adaptations and interpretations. DHSC group bodies must apply IFRS as adopted by HM Treasury in the *FReM*, except where additional departures and interpretations have been agreed by DHSC, as specified in *DHSC GAM*.

European Union (EU) adoption is always subsequent to the publication of IFRS by the IASB. Where a new standard or interpretation has been issued by the IASB, but has not yet been implemented, IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* requires disclosure in the accounts of this fact, and the known or reasonably-estimated impact that application will have in the period of initial application.

In each case below, the new standards have not been adopted by the EU for financial years up to and including 2019/20. Therefore, they are not yet adopted in the *FReM* (and therefore *DHSC GAM*). In each case, the financial year in which the change is expected to become effective in the Trust's accounts is disclosed after the standard's name.

IFRS 14 *Regulatory Deferral Accounts:* [new standard] – this standard is not applicable to DHSC group bodies.

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

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

On transition to IFRS 16 on 1 April 2021, the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 1.27% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. No adjustments will be made on 1 April 2021 for existing finance leases.

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

HM Treasury revised the implementation date for IFRS 16 in the UK public sector to 1 April 2021 on 19 March 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2021 and beyond, a quantification of the expected impact of applying the standard in 2021/22 is currently impracticable. However, the trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation.

IFRS 17 *Insurance Contracts*: [new standard] – This standard is applicable to annual reporting periods beginning on or after 1 January 2023 and is not expected to affect the Trust's accounts as it does not issue insurance contracts.

IASB – International Accounting Standards Board - the independent, accounting standard-setting body of the IFRS Foundation.
IFRS - International Financial Reporting Standard.
IFRIC - International Financial Reporting Interpretations Committee.
IAS - International Accounting Standard.

1.26 Segmental Reporting

IFRS 8 *Operating Segments* requires additional annual accounts disclosures for certain significant business streams ('reportable segments') which engage in distinct business activities and whose operating results are regularly and separately reviewed by the entity's 'chief operating decision maker' (CODM).

As the Trust's CODM, the Trust's Board of Directors does regularly review the performance of the Trust's operational divisions, whilst reviewing the financial position of the Trust as a whole, in its decision-making framework. However, these divisions are not judged to comprise distinct reportable segments, as they share similar economic characteristics, having similar locations, outputs and customers, and operating within the same funding and regulatory environment. At an operational level, the workforce is flexibly deployed and assets are shared across the divisions in providing services and delivering the Trust's objectives.

The accompanying financial statements have consequently been prepared under one single reporting segment, that is, 'the provision of acute healthcare'.

Note 2 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 2.1 Income from patient care activities (by nature)	2019/20 £000	2018/19 £000
Acute services		
Elective income	49,067	49,999
Non elective income	120,935	103,519
First outpatient income	16,723	15,889
Follow up outpatient income	19,562	17,340
A & E income	14,500	13,134
High cost drugs income from commissioners (excluding pass-through costs)	15,863	16,247
Other NHS clinical income [1]	93,439	92,494
Additional income		
Private patient income	294	388
Agenda for Change pay award central funding [2]		4,065
Additional pension contribution central funding [3]	9,991	
Other clinical income [4]	3,380	965
Total income from activities	**343,754**	**314,040**

[1] Other NHS clinical income includes income received in respect of critical care and neo-natal units, maternity care, rehabilitation and renal services, diagnostic services, community medicine and elderly care services.

[2] Additional costs of the Agenda for Change pay reform in 2018/19 received central funding. From 2019/20 this funding is incorporated into tariff for individual services.

[3] 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.

[4] Other clinical income includes the funding of the Covid19 response costs and also to ICR income, described in Note 2.2, below.

Note 2.2 Income from patient care activities (by source)

	2019/20 £000	2018/19 £000
Income from patient care activities received from:		
NHS England	46,286	31,404
Clinical commissioning groups	291,238	270,914
Department of Health and Social Care	-	4,066
Other NHS providers	1,133	1,412
NHS other	103	58
Local authorities	686	1,072
Non-NHS: private patients	290	388
Non-NHS: overseas patients (chargeable to patient)	12	6
Injury cost recovery scheme [1]	803	965
Non NHS: other [2]	3,203	3,755
Total income from activities	**343,754**	**314,040**
Of which:		
Related to continuing operations	343,754	314,040
Related to discontinued operations	-	-

[1] ICR income represents the recovery of costs from insurers, in cases where personal injury compensation is paid, such as after a road traffic accident (RTA). The scheme is administered by the Compensation Recovery Unit (CRU) of the Department for Work and Pensions. The Trust's ICR debt is subject to a loss allowance (Note 19.2).

[2] Other - includes services provided to Welsh health bodies.

Note 2.3 Overseas visitors (relating to patients charged directly by the provider)

	2019/20	2018/19
	£000	£000
Income recognised this year	12	6
Cash payments received in-year	5	4
Amounts added to provision for impairment of receivables	-	-
Amounts written off in-year	-	1

Note 3 Other operating income

	2019/20			2018/19		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	650	-	**650**	796	-	**796**
Education and training	10,263	528	**10,791**	10,051	363	**10,414**
Non-patient care services to other bodies	9,118		**9,118**	8,855		**8,855**
Provider sustainability fund (PSF) [1]	2,405		**2,405**	-		**-**
Financial recovery fund (FRF) [1]	1,978		**1,978**	-		
Marginal rate emergency tariff funding (MRET) [1]	6,282		**6,282**	-		
Income in respect of employee benefits accounted on a gross basis	2,597		**2,597**	-		**-**
Receipt of capital grants and donations		194	**194**		165	**165**
Charitable and other contributions to expenditure		249	**249**		248	**248**
Support from the Department of Health and Social Care for mergers		-	**-**		-	**-**
Rental revenue from finance leases		-	**-**		-	**-**
Rental revenue from operating leases		400	**400**		495	**495**
Amortisation of PFI deferred income / credits [2]		109	**109**		6,348	**6,348**
Other income [3]	6,996	-	**6,996**	11,585	-	**11,585**
Total other operating income	**40,289**	**1,480**	**41,769**	**31,287**	**7,619**	**38,906**
Of which:						
Related to continuing operations			**41,769**			**38,906**
Related to discontinued operations			**-**			**-**

[1] Provider Sustainability Fund (PSF), Financial Recovery Fund (FRF), and Marginal Rate Emergency Tariff funding (MRET) has been made available to support NHS providers in gaining a sustainable financial footing, and receipt may be conditional on the achievement of specific targets.

[2] There was a significant amortisation of deferred income in 2018/19 due to under-occupancy of the staff accommodation blocks at the Trust's Arrowe Park site.

[3] Other contract income of £7.0m (£11.6m 2018/19) includes car parking income, catering income and other miscellaneous income recharged to other NHS bodies. The 2018/19 figure includes £2.4m of income in respect of recharges of employee cost which is dislcosed separately in 2019/20 £2.6m.

Note 4.1 Additional information on contract revenue (IFRS 15) recognised in the period

	2019/20 £000	2018/19 £000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	1,475	1,352
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	-	2,323

Note 4.2 Transaction price allocated to remaining performance obligations

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.

Note 4.3 Income from activities arising from commissioner requested services

Under the terms of its provider licence, the trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	2019/20 £000	2018/19 £000
Income from services designated as commissioner requested services	313,254	283,345
Income from services not designated as commissioner requested services	30,500	30,695
Total	**343,754**	**314,040**

Note 5.1 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.

	2019/20 £000	2018/19 £000
Income	3,148	3,139
Full cost	(3,140)	(3,113)
Surplus / (deficit)	**8**	**26**

Figures above represent income and cost from car parking and catering operations within the trust.

Note 6.1 Operating expenses

	2019/20 £000	2018/19 £000
Purchase of healthcare from NHS and DHSC bodies	5,684	4,099
Purchase of healthcare from non-NHS and non-DHSC bodies	8,729	4,933
Staff and executive directors costs	273,696	253,313
Remuneration of non-executive directors	152	156
Supplies and services - clinical (excluding drugs costs)	34,549	34,951
Supplies and services - general	4,655	4,793
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	23,089	26,496
Inventories written down	78	142
Consultancy costs	425	161
Establishment	2,183	2,383
Premises [4]	11,748	18,353
Transport (including patient travel)	1,718	630
Depreciation on property, plant and equipment	8,867	7,225
Amortisation on intangible assets	1,158	962
Net impairments	(231)	4,492
Movement in credit loss allowance: contract receivables / contract assets	60	195
Change in provisions discount rate(s)	120	5
Audit fees payable to the external auditor [1]		
audit services- statutory audit	61	46
other auditor remuneration (external auditor only)	-	7
Internal audit costs	98	95
Clinical negligence [2]	12,921	13,839
Legal fees	174	232
Insurance	407	399
Research and development	10	20
Education and training	1,259	1,382
Rentals under operating leases	1,810	1,687
Redundancy	313	-
Losses, ex gratia & special payments	-	480
Other [3]	4,987	5,287
Total	**398,720**	**386,763**
Of which:		
Related to continuing operations	398,720	386,763
Related to discontinued operations	-	-

[1] Audit fees include irrecoverable VAT. Actual sums receivable by the external auditor were £51k for statutory audit, and £Nil in respect of other remuneration of (Note 6.2) (£38k and £6k 2018/19).

[2] Clinical negligence costs relate to the Trust's annual contribution to NHS Resolution (formerly NHS Litigation Authority) under its risk-pooling scheme.

[3] Other expenditure of £4.9m (£5.3m 2018/19) includes IT contracts, professional fees and other miscellaneous expenditure.

[4] Premises costs in 2018/19 included £6.2m relating to recognition of future contractual obligations from the operation of two accomodation blocks on the Arrowe Park hospital site.

Note 6.2 Other auditor remuneration

The requirement for the Trust to publish a Quality Report for 2019/20 has been cancelled by NHS Improvement as a result of Covid19. As a result the Trust has incurred £nil expenditure in 2019/20 (£7k 2018/19) in relation to Grant Thornton UK LLP's review of the Trust's Quality Report. This expenditure includes irrecoverable VAT, with the actual sum receivable by the external auditor being £Nil (£6k 2018/19).

Note 6.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £2m (2018/19: £2m).

Note 7 Impairment of assets

	2019/20	2018/19
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Loss or damage from normal operations	89	37
Over specification of assets	-	-
Abandonment of assets in course of construction	-	-
Unforeseen obsolescence	-	5,398
Loss as a result of catastrophe	-	-
Changes in market price	(320)	(943)
Other	-	-
Total net impairments charged to operating surplus / deficit	**(231)**	**4,492**
Impairments charged to the revaluation reserve	(2,422)	(3,503)
Total net impairments	**(2,653)**	**989**

In 2019/20, the credit to the revaluation reserve (£2.4m) represented the reversal of prior-year impairments, and was due to the desktop revaluation of the Trust's estate as at 31 March 2020.

In 2018/19, the net credit to the revaluation reserve (£3.5m) represented the reversal of prior-year impairments, and was due to the full revaluation of the Trust's estate as at 31 March 2019. The revaluation also led to a £5.4m impairment charged to the operating deficit (unforeseen obsolescence), which results from the under-occupancy of the staff accommodation blocks at Arrowe Park. The impairment reflects a reduction in the 'service potential' of the assets.

Note 8 Employee benefits

	2019/20 Total £000	2018/19 Total £000
Salaries and wages	214,152	204,728
Social security costs	18,706	17,830
Apprenticeship levy	937	890
Employer's contributions to NHS pensions	32,739	21,441
Pension cost - other	65	39
Termination benefits	313	-
Temporary staff (including agency)	7,774	9,352
Total gross staff costs	**274,686**	**254,280**
Of which		
Staff costs relating to the creation of IT assets, capitalised within non-current assets, and therefore not included in operating expenditure	677	967
Total Staffing costs shown in the analysis of operating expenditure [1]	**274,009**	**253,313**

[1] In operating expenditure analysis total staffing costs are split between staff and executive directors costs of £273.7m and redundancy costs of £0.3m

Details regarding the renumeration of senior managers can be found in the renumeration section of the Annual report

Note 8.1 Retirements due to ill-health

During 2019/20 there were 3 early retirements from the trust agreed on the grounds of ill-health (3 in the year ended 31 March 2019). The estimated additional pension liabilities of these ill-health retirements is £49k (£82k in 2018/19).

These estimated costs are calculated on an average basis and will be borne by the NHS Pension Scheme.

Note 9 Operating leases

Note 9.1 Wirral University Teaching Hospital NHS Foundation Trust as a lessor

This note discloses income generated in operating lease agreements where Wirral University Teaching Hospital NHS Foundation Trust is the lessor.

	2019/20 £000	2018/19 £000
Operating lease revenue		
Minimum lease receipts	400	495
Contingent rent	-	-
Other	-	-
Total	**400**	**495**

	31 March 2020 £000	31 March 2019 £000
Future minimum lease receipts due:		
- not later than one year;	110	144
- later than one year and not later than five years;	-	130
- later than five years.	-	-
Total	**110**	**274**

Operating lease income is derived from retail and other service providers who occupy premises at the Trust's sites. Not included in the above note are the following 'peppercorn' (minimal) leases, which have been entered into to create service benefit.

	From	To
Frontis Homes Ltd - underlying land related to staff accommodation blocks	June 2006	June 2046
Ronald McDonald House	December 2009	December 2034
Wirral Limb Centre - used by Ottobock in providing an outsourced prosthetics service	July 2018	July 2021

Note 9.2 Wirral University Teaching Hospital NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Wirral University Teaching Hospital NHS Foundation Trust is the lessee.

	2019/20 £000	2018/19 £000
Operating lease expense		
Minimum lease payments	1,810	1,687
Contingent rents	-	-
Less sublease payments received	-	-
Total	**1,810**	**1,687**

	31 March 2020 £000	31 March 2019 £000
Future minimum lease payments due:		
- not later than one year;	1,117	1,085
- later than one year and not later than five years;	3,350	3,331
- later than five years.	5,288	6,067
Total	**9,755**	**10,483**
Future minimum sublease payments to be received	-	-

The Trust holds a long-term lease for the use of car parking land at the Arrowe Park Hospital site, rents off-site premises to accommodate clinics, and also leases complex medical equipment used in the delivery of healthcare for periods not exceeding 10 years.

Where applicable, break clauses in the Trust's lease contracts have been taken into account in the calculation of future minimum lease payments.

The Trust is also committed to a 15 year contract, which commenced in 2014/15, with the Carbon and Energy Fund, for the provision of a maintained energy service, including the installation of infrastructure assets at the Trust's main hospital sites. A 'lease' of the infrastructure assets in deemed to be embedded in the main service contract, through IFRIC 4 *Determining whether an Arrangement Contains a Lease.* Therefore, figures for these assets are included in the tables above.

Note 10 Finance income

Finance income represents interest received on assets and investments in the period.

	2019/20	2018/19
	£000	£000
Interest on bank accounts	130	130
Total finance income	**130**	**130**

Note 11.1 Finance expenditure

Finance expenditure represents interest and other charges involved in the borrowing of money.

	2019/20	2018/19
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	2,253	1,726
Finance leases	7	10
Interest on late payment of commercial debt	2	1
Total interest expense	**2,262**	**1,737**
Other finance costs - unwinding of discount on provisions	(38)	3
Total finance costs	**2,224**	**1,740**

Note 11.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2019/20	2018/19
	£000	£000
Amounts included within interest payable arising from claims made under this legislation	2	1

Note 12 Other gains / (losses)

	2019/20	2018/19
	£000	£000
Gains on disposal of assets	14	107
Losses on disposal of assets	(78)	(32)
Total gains / (losses) on disposal of assets	**(64)**	**75**

Gains and losses in both 2019/20 and 2018/19 result from individual disposals of equipment assets

Note 13.1 Intangible assets - 2019/20

	Software licences £000	Intangible assets under construction £000	Other (purchased) £000	Total £000
Gross cost at 1 April 2019 - brought forward	**24,438**	**1,600**	**30**	**26,067**
Additions	603	359	-	**962**
Reclassifications	807	(807)	-	**-**
Gross cost at 31 March 2020	**25,848**	**1,152**	**30**	**27,029**
Amortisation at 1 April 2019 - brought forward	**11,842**	**-**	**-**	**11,842**
Provided during the year	1,158	-	-	**1,158**
Reclassifications	-	-	-	**-**
Amortisation at 31 March 2020	**13,000**	**-**	**-**	**13,000**
Net book value at 31 March 2020	**12,848**	**1,152**	**30**	**14,029**
Net book value at 1 April 2019	**12,596**	**1,600**	**30**	**14,225**

Note 13.2 Intangible assets - 2018/19

	Software licences £000	Intangible assets under construction £000	Other (purchased) £000	Total £000
Gross cost at 1 April 2018 - brought forward	**22,178**	**1,375**	**30**	**23,583**
Additions	857	1,554	-	**2,411**
Reclassifications	1,403	(1,329)	-	**74**
Valuation / gross cost at 31 March 2019	**24,438**	**1,600**	**30**	**26,067**
Amortisation at 1 April 2018 - brought forward	**10,820**	**-**	**-**	**10,820**
Provided during the year	962	-	-	**962**
Reclassifications	60	-	-	**60**
Amortisation at 31 March 2019	**11,842**	**-**	**-**	**11,842**
Net book value at 31 March 2019	**12,596**	**1,600**	**30**	**14,225**
Net book value at 1 April 2018	**11,358**	**1,375**	**30**	**12,763**

The useful economic lives of software licence assets at 31 March 2020 ranges from 1 year to 14 years. Other purchased assets comprises a perpetual operating licence.

£1.0m of the balance held as intangible assets under construction relates to IT projects undertaken as part of the *Digital Wirral (Global Digital Exemplar)* programme. The other £0.1m relates to remote communication systems.

Note 14.1 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 - brought forward	**1,497**	**129,959**	**4,062**	**3,890**	**39,483**	**122**	**14,562**	**2,068**	**195,643**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Additions	-	811	-	2,563	736	-	2,043	-	**6,153**
Impairments	-	(176)	-	-	-	-	-	-	**(176)**
Reversals of impairments	-	2,598	-	-	-	-	-	-	**2,598**
Revaluations	-	(3,612)	85	-	-	-	-	-	**(3,527)**
Reclassifications	-	2,757	-	(4,021)	1,172	-	92	-	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	(2,372)	-	(285)	(670)	**(3,327)**
Valuation/gross cost at 31 March 2020	**1,497**	**132,337**	**4,147**	**2,432**	**39,019**	**122**	**16,412**	**1,398**	**197,364**
Accumulated depreciation at 1 April 2019 - brought forward	**-**	**(0)**	**-**	**-**	**23,019**	**75**	**9,746**	**1,591**	**34,430**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Provided during the year	-	4,193	90	-	2,908	8	1,593	75	**8,867**
Impairments	-	27	-	-	69	-	20	-	**116**
Reversals of impairments	-	(172)	(175)	-	-	-	-	-	**(347)**
Revaluations	-	(4,048)	85	-	-	-	-	-	**(3,963)**
Reclassifications	-	-	-	-	-	-	-	-	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	(2,291)	-	(275)	(665)	**(3,231)**
Accumulated depreciation at 31 March 2020	**-**	**(0)**	**-**	**-**	**23,705**	**83**	**11,084**	**1,001**	**35,872**
Net book value at 31 March 2020	**1,497**	**132,337**	**4,147**	**2,432**	**15,314**	**40**	**5,329**	**397**	**161,492**
Net book value at 1 April 2019	**1,497**	**129,959**	**4,062**	**3,890**	**16,464**	**48**	**4,817**	**477**	**161,213**

Note 14.2 Property, plant and equipment - 2018/19

	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 2018 - as previously stated	**1,497**	**121,718**	**12,850**	**700**	**42,799**	**96**	**14,363**	**3,850**	**197,873**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Additions	-	1,539	-	4,424	2,488	36	600	5	**9,092**
Impairments	-	(6,365)	(3,203)	-	-	-	-	-	**(9,568)**
Reversals of impairments	-	13,071	-	-	-	-	-	-	**13,071**
Revaluations	-	(1,237)	(5,585)	-	-	-	-	-	**(6,822)**
Reclassifications	-	1,233	-	(1,234)	1,938	-	(400)	(1,611)	**(74)**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	(7,742)	(10)	(1)	(176)	**(7,929)**
Valuation/gross cost at 31 March 2019	**1,497**	**129,959**	**4,062**	**3,890**	**39,483**	**122**	**14,562**	**2,068**	**195,643**
Accumulated depreciation at 1 April 2018 - as previously stated	**-**	**-**	**-**	**-**	**27,261**	**81**	**7,961**	**2,816**	**38,119**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Provided during the year	-	2,920	187	-	2,590	3	1,449	76	**7,225**
Impairments	-	492	5,398	-	37	-	-	-	**5,927**
Reversals of impairments	-	(1,435)	-	-	-	-	-	-	**(1,435)**
Revaluations	-	(1,977)	(5,585)	-	-	-	-	-	**(7,562)**
Reclassifications	-	-	-	-	729	-	336	(1,125)	**(60)**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	(7,598)	(10)	(1)	(176)	**(7,784)**
Accumulated depreciation at 31 March 2019	**-**	**(0)**	**-**	**-**	**23,019**	**75**	**9,746**	**1,591**	**34,430**
Net book value at 31 March 2019	**1,497**	**129,959**	**4,062**	**3,890**	**16,464**	**48**	**4,817**	**477**	**161,213**
Net book value at 1 April 2018	**1,497**	**121,718**	**12,850**	**700**	**15,538**	**15**	**6,402**	**1,034**	**159,754**

During the year £4.0m of assets previously classified as assets under construction were commissioned. The most significant item within this was £1.5m relating to an MRI scanner. Of the £2.4m classified as assets under construction at 31 March 20 the most significant items are £1.1m relating to telephony and £0.7m relating to recovery infrastructure.

The dwellings balance entirely comprises staff accommodation blocks at the Trust's Arrowe Park site which are owned and operated by Frontis Homes Limited, which is part of Your Housing Group. This accommodation is situated on land owned by the Trust, and leased to Frontis through a 'peppercorn' operating lease. The accommodation block is included in this note and accounted for as 'on-Statement of Financial Position' by the Trust, as it meets the definition of a service concession contained within IFRS Interpretations Committee (IFRIC) 12 *Service Concession Arrangements.* The impairment under *Dwellings* in 2018/19 reflects the under-occupancy of staff accommodation blocks at Arrowe Park.

Note 14.3 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									
Owned - purchased	1,497	130,466	-	2,432	14,142	40	5,164	375	**154,115**
Finance leased	-	-	-	-	-	-	134	-	**134**
On-SoFP PFI contracts and other service concession arrangements	-	-	4,147	-	-	-	-	-	**4,147**
Owned - government granted	-	-	-	-	49	-	15	-	**64**
Owned - donated	-	1,871	-	-	1,123	-	16	22	**3,032**
NBV total at 31 March 2020	**1,497**	**132,337**	**4,147**	**2,432**	**15,314**	**40**	**5,329**	**397**	**161,492**

Note 14.4 Property, plant and equipment financing - 2018/19

	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 2019									
Owned - purchased	1,497	128,095	-	3,890	15,284	48	4,573	450	**153,836**
Finance leased	-	-	-	-	-	-	200	-	**200**
On-SoFP PFI contracts and other service concession arrangements	-	-	4,062	-	-	-	-	-	**4,062**
Owned - government granted	-	-	-	-	47	-	22	-	**69**
Owned - donated	-	1,864	-	-	1,133	-	22	27	**3,046**
NBV total at 31 March 2019	**1,497**	**129,959**	**4,062**	**3,890**	**16,464**	**48**	**4,817**	**477**	**161,213**

Note 15 Donations of property, plant and equipment

In 2019/20 the Trust recognised donated asset additions of £194k (£165k 2018/19). £194k related to cash additions (£130k 2018/19).

Note 16 Revaluations of property, plant and equipment

The value and remaining useful lives of land and building assets are estimated by the Trust's valuers Cushman & Wakefield. Their independent valuations are carried out in accordance with the Royal Institute of Chartered Surveyors' *RICS Valuation - Global Standards* (the 'Red Book'), and other relevant RICS guidance notes, by RICS-qualified valuers. Valuations are carried out primarily on the basis of depreciated replacement cost (modern equivalent asset (MEA) basis) for specialised operational property. The Trust has opted to interpret the MEA valuation basis, which estimates the cost of a modern replacement asset with equivalent productive capacity to the asset being valued, as pertaining to a single combined hospital facility.

Revalued assets are written down to their recoverable amount within the Statement of Financial Position, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for that asset. Thereafter, the loss is charged to operating expenditure - net impairments. Increases in value are credited to the revaluation reserve unless circumstances arise whereby a reversal of an impairment is necessary. In these circumstances this has been credited to operating expenditure - net impairments.

A desktop revaluation of the Trust's estate was undertaken as at the valuation date of 31 March 2020. The last full revaluation of the Trust's estate was undertaken as at 31 March 2019. This resulted in a net revaluation gain recorded in the revaluation reserve (within the Statement of Financial Position) of £2.9m, which is also disclosed as *Other comprehensive income*, and a net gain to income and expenditure from reversal of impairment (within the Statement of Comprehensive Income) of £0.3m.

In response to the impact of Covid19 the Trust's valuers have declared a *'material uncertainty'* in relation to their valuation as at 31 March 2020. This is in response to the global impact of Covid19 generating an unprecedented set of circumstances on which Cushman & Wakefield have had to base their valuation, and as a result a have declared that a higher degree of caution should be attached to the valuation than would normally be the case. This *material uncertainty* is being declared by all RICS compliant valuers of NHS property nationally and is not specific to this Trust.

The Trust continues to place reliance on the valuation which has been produced to the same professional standards and regulations as in prior years. It will further mitigate the risk of material misstatement of asset values by maintaining the existing annual revaluation cycle of Trust properties.

The useful economic lives of equipment assets are estimated on historical experience of similar equipment lives with reference to national guidance and consideration of the pace of technological change. The lives of assets determined at recognition are disclosed within the accounting policies. The remaining useful economic lives of non-land property assets as at 31 March 2020 are as follows.

Buildings excluding dwellings	10 to 49 years.
Dwellings	44 years.

Note 17 Joint operations

The Trust has determined that, in addition to its subsidiary charity, it has interests in two joint operations. Joint operations are arrangements in which the Trust has joint control with one or more other parties and has the rights to assets, and obligations for liabilities relating to the arrangement. The Trust therefore includes within its financial statements, where material, its share of the assets, liabilities, income and expenditure relating to its joint operations.

The Trust does not attribute levels of risk significantly above 'business as usual' with these arrangements, as its joint operator is a partner NHS body, working together with the Trust within the same healthcare operating environment. In practical terms, this translates to a longstanding related party relationship based on contracts and transactions, collaborative working, shared objectives and common policies. In addition, the 'going concern' risk and credit risk associated with other NHS bodies is very low.

The Trust has no material joint operations, but collaborates in two lesser operations, as detailed below.

Cheshire and Wirral Microbiology Service (CWMS)

The Trust works collaboratively with Countess of Chester Hospital NHS Foundation Trust to provide microbiology laboratory services to both trusts. CWMS was established in 2012, and the intention of the arrangement is to reduce running costs through joint use of a modern site and laboratory facilities, to provide resilience in each trust's microbiology service, and to enable both trusts to respond to future market opportunities.

The majority of CWMS activity is carried out in the main combined laboratory in Bromborough, which is jointly and equally owned by the two trusts. The carrying value of the Trust's half of this asset in its Statement of Financial Position is £1.4m. Additionally, there are small satellite laboratories at each hospital site for urgent out-of-hours specimens.

The Trust retains the rights to assets contributed at the start of the arrangement. The Trust is responsible for the administration of CWMS payroll costs, and wholly recharges these costs to Countess of Chester Hospital NHS Foundation Trust.

As the financial 'host' partner, Countess of Chester Hospital NHS Foundation Trust retains the obligation to pay other suppliers' invoices, and offsets all direct and recharged costs against the income generated by CWMS for tests performed for both the trusts and new customers, using a tariff of prices. In 2019/20, the Trust's net expenditure on CWMS services was £2.7m (2018/19 £2.7m)

HR and Wellbeing Business Services (HRWBS)

This arrangement was created in 2011 and is jointly operated by the Trust and Countess of Chester Hospital NHS Foundation Trust (the 'host' operator). This collaboration was designed to create savings through scale efficiencies, and provide resilience to each of the operators' HR functions, including payroll and recruitment.

Activities are carried out at the Countess of Chester Health Park, and end-user services can be accessed via intranet portal. In 2019/20, HRWBS has additionally sold services to Cheshire and Wirral Partnership NHS Foundation Trust, Wirral Clinical Commissioning Group, and Wirral Community NHS Trust.

Assets purchased are owned by the purchasing trust, with the further possibility of joint procurement of future assets. As the 'host' operator, Countess of Chester Hospital NHS Foundation Trust is responsible for HRWBS staff, and administering the payment of staff and suppliers in the first instance. Each trust is ultimately responsible for its share of HRWBS's costs, and the net charge to the Trust for 2019/20 is £0.5m (2018/19 £0.5m)

Note 18 Inventories

	31 March 2020 £000	31 March 2019 £000
Drugs	1,374	1,217
Work In progress	-	-
Consumables	2,589	2,727
Energy	29	29
Other	-	-
Total inventories	**3,992**	**3,973**
of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenditure for the year totalled £49.4m (£53.3m 2018/19). Write-down of inventories recognised as expenditure for the year totalled £78k (£142k 2018/19).

Note 19.1 Receivables

	31 March 2020 £000	31 March 2019 £000
Current		
Contract receivables	21,306	11,156
Allowance for impaired contract receivables / assets	(584)	(498)
Deposits and advances	102	-
Prepayments (non-PFI)	2,422	1,998
Interest receivable	11	14
PDC dividend receivable	525	100
VAT receivable	589	1,047
Other receivables	5	380
Total current receivables	**24,376**	**14,197**
Non-current		
Contract receivables	924	1,050
Allowance for impaired contract receivables / assets	(201)	(230)
Prepayments (non-PFI)	-	57
Other receivables	251	-
Total non-current receivables	**974**	**877**
Of which receivable from NHS and DHSC group bodies:		
Current	16,662	6,006
Non-current	251	-

The majority of the Trust's debt relates to the Trust's provision of healthcare.

The carrying amounts of *Receivables* approximate to fair value.

Note 19.2 Allowances for credit losses

	2019/20		2018/19	
	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	**728**	**-**	**-**	**518**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018			631	(518)
New allowances arising	79	-	277	-
Changes in existing allowances	-	-	(54)	-
Reversals of allowances	(19)	-	(28)	-
Utilisation of allowances (write offs)	(3)	-	(98)	-
Allowances as at 31 Mar 2020	**785**	**-**	**728**	**-**

The *Allowance for credit losses* chiefly relates to NHS Injury Compensation Recovery (ICR) scheme debts, in addition to expected credit losses relating to the Trust's non-government trade debt.

The calculation of the allowance balance is detailed in Note 1 Accounting Policies

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.

	2019/20 £000	2018/19 £000
At 1 April	**6,515**	**7,950**
Net change in year	(584)	(1,435)
At 31 March	**5,931**	**6,515**
Broken down into:		
Cash at commercial banks and in hand	98	114
Cash with the Government Banking Service	5,833	6,401
Total cash and cash equivalents	**5,931**	**6,515**

Note 20.2 Third party assets held by the trust

Wirral University Teaching Hospital NHS Foundation Trust has identified two types of assets of which it has physical possession, but which it does not own. Both types of asset are outlined below, and have been excluded from the Trust's Statement of Financial Position.

The Trust holds money on behalf of some inpatients as a service during their hospital stay. The Trust also holds unused consignment inventories in the normal course of business. These inventories typically comprise surgical equipment, which is held on Trust premises whilst still owned by suppliers, and the Trust is only obliged to pay for these assets when they are used or expire.

Total balances for third party assets held by the Trust are disclosed below.

	31 March 2020 £000	31 March 2019 £000
Bank balances	10	13
Consignment inventories	2,132	2,093
Total third party assets	**2,142**	**2,106**

Note 21.1 Trade and other payables

	31 March 2020 £000	31 March 2019 £000
Current		
Trade payables	2,174	1,644
Capital payables	2,165	5,241
Accruals	28,848	20,125
Receipts in advance and payments on account	87	144
PFI lifecycle replacement received in advance	-	-
Social security costs	2,515	2,568
VAT payables	-	-
Other taxes payable	2,854	2,002
PDC dividend payable	-	-
Other payables [1]	3,229	3,489
Total current trade and other payables	**41,873**	**35,213**
Of which payables from NHS and DHSC group bodies:		
Current	12,459	5,221

[1] Other payables includes NHS Pensions scheme contributions to be paid over, and other arrangements whereby the Trust collects funds to be paid over to third parties.

The Better Payment Practice Code (BPPC) gives NHS organisations a target of paying 95% of undisputed invoices within 30 calendar days of the receipt of either goods or a valid invoice (whichever is later), unless other payment terms have been agreed. Information regarding the Trust's BPPC performance is within the Annual Report's *Directors' report.*

The carrying amounts of *Trade and other payables* approximate to fair value.

Note 22 Other liabilities

	31 March 2020 £000	31 March 2019 £000
Current		
Deferred income: contract liabilities	2,891	2,772
Deferred PFI income	109	109
Total other current liabilities	**3,000**	**2,881**
Non-current		
Deferred income: contract liabilities	-	91
Deferred PFI income	2,588	2,697
Total other non-current liabilities	**2,588**	**2,788**

The non-current deferred income balance above is wholly attributable to the staff accommodation blocks which are owned and operated by Frontis Homes Limited, and which are accounted for as 'on-Statement of Financial Position' in accordance with IFRIC 12. The deferred income balance represents the benefit to the Trust of the arrangement's future 'service potential' and is released to the Statement of Comprehensive Income (SOCI) over the period of the concession. Therefore, there is a corresponding balance in current *PFI deferred income* which represents next year's income release.

Note 23.1 Borrowings

	31 March 2020 £000	31 March 2019 £000
Current		
Loans from the Department of Health & Social Care	85,170	1,215
Obligations under finance leases	64	61
Total current borrowings	**85,234**	**1,276**
Non-current		
Loans from the Department of Health & Social Care	6,208	73,093
Obligations under finance leases	66	130
Total non-current borrowings	**6,274**	**73,223**

In April 2020 the Department of Health announced it's intention to issue new Public Dividend Capital (PDC) for the purpose of funding repayment of all NHS provider's interim revenue support and working capital loans. The new PDC does not require repayment of principle and therefore the swap of loan to PDC funding removes a material uncertainty over the Trust's ability to repay its loan balances.

This transaction will occur on 30 September 2020 and therefore £83.9m of interim revenue support and working capital loans have been classified as current borrowings pending conversion.

Note 23.2 Reconciliation of liabilities arising from financing activities - 2019/20

	Loans from DHSC £000	Finance leases £000	Total £000
Carrying value at 1 April 2019	**74,308**	**191**	**74,499**
Cash movements:			
Financing cash flows - payments and receipts of principal	16,999	(61)	**16,938**
Financing cash flows - payments of interest	(2,186)	(7)	**(2,193)**
Non-cash movements:			
Application of effective interest rate	2,257	7	**2,264**
Carrying value at 31 March 2020	**91,378**	**130**	**91,508**

Note 23.3 Reconciliation of liabilities arising from financing activities - 2018/19

	Loans from DHSC £000	Finance leases £000	Total £000
Carrying value at 1 April 2018	**50,081**	**251**	**50,332**
Cash movements:			
Financing cash flows - payments and receipts of principal	24,027	(60)	**23,967**
Financing cash flows - payments of interest	(1,583)	(10)	**(1,593)**
Non-cash movements:			
Impact of implementing IFRS 9 on 1 April 2018	59	-	**59**
Application of effective interest rate	1,724	10	**1,734**
Carrying value at 31 March 2019	**74,308**	**191**	**74,499**

Note 24 Finance leases

Note 24.1 Wirral University Teaching Hospital NHS Foundation Trust as a lessee

Obligations under finance leases where the trust is the lessee.

	31 March 2020 £000	31 March 2019 £000
Gross lease liabilities	**138**	**206**
of which liabilities are due:		
- not later than one year;	69	69
- later than one year and not later than five years;	69	137
- later than five years.	-	-
Finance charges allocated to future periods	(8)	(15)
Net lease liabilities	**130**	**191**
of which payable:		
- not later than one year;	64	61
- later than one year and not later than five years;	66	130
- later than five years.	-	-

As lessee, the Trust holds a single finance lease for digital data storage, with a whole-life duration of 5 years. The Trust has the option to purchase the equipment for a nominal amount at the end of the lease term.

Note 25.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs £000	Pensions: injury benefits £000	Legal claims £000	Other £000	Total £000
At 1 April 2019	**1,635**	**1,053**	**337**	**7,712**	**10,737**
Transfers by absorption	-	-	-	-	**-**
Change in the discount rate	19	33	-	68	**120**
Arising during the year	189	153	613	460	**1,415**
Utilised during the year	(169)	(100)	(183)	(816)	**(1,268)**
Reversed unused	(7)	-	(98)	(380)	**(485)**
Unwinding of discount	5	3	-	(46)	**(38)**
At 31 March 2020	**1,672**	**1,142**	**669**	**6,998**	**10,481**
Expected timing of cash flows:					
- not later than one year;	165	103	669	**1,989**	**2,926**
- later than one year and not later than five years;	703	436	-	**3,517**	**4,656**
- later than five years.	804	603	-	**1,492**	**2,899**
Total	**1,672**	**1,142**	**669**	**6,998**	**10,481**

Legal claims are primarily made up of employer's liability and public liability claims for which there is also a corresponding contingent liability of £0.3m (£0.2m 2018/19).

The amount provided for employer's / public liability claims is based on assessments received from NHS Resolution (NHSR) as to their value and anticipated payment date, plus local assessments on a small number of other employee related legal cases.

Other provisions largely comprise of contractual obligations (£5.6m) to compensate the operator for foregone rental income, resulting from ongoing under-occupancy of the staff accommodation blocks at the Trust's Arrowe Park site which are owned and operated by Frontis Homes Limited (within Your Housing Group). In addition a further £1.1m is held in respect of contractual VAT obligations which the Trust became aware of in February 2019, for which there is a corresponding contingent liability of £0.4m (£Nil 2018/19).

Note 25.2 Clinical negligence liabilities

At 31 March 2020, £288,353k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Wirral University Teaching Hospital NHS Foundation Trust (31 March 2019: £263,860k).

Note 26 Contingent assets and liabilities

	31 March 2020 £000	31 March 2019 £000
Value of contingent liabilities		
NHS Resolution legal claims	(175)	(198)
Employment tribunal and other employee related litigation	(95)	-
Other	(380)	-
Gross value of contingent liabilities	**(650)**	**(198)**
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	**(650)**	**(198)**

Note 27 Contractual capital commitments

	31 March 2020 £000	31 March 2019 £000
Property, plant and equipment	3,147	813
Intangible assets	199	133
Total	**3,346**	**946**

The 2019/20 capital programme was impacted by the effects of Covid19 on the capital supply chain, with a number of contractual committments that were expected to complete by 31 March 2020 were delayed into 2020/21.

Capital commitments at 31 March 2020 include £0.7m directly relating to the Trust's response to Covid19, £0.9m relating to the refurbishment of the Trust's Cath Labs, £0.6m relating to medical equipment, and £0.5m relating to infrastructure projects.

Note 28 Financial instruments

Note 28.1 Financial risk management

Liquidity risk

The Trust's net operating costs are incurred in delivering healthcare under annual contracts with Clinical Commissioning Groups (CCGs), which are ultimately funded from resources voted annually by Parliament. The Trust usually receives this CCG income through a combination of 'block' (fixed) payments and the Payment by Results (PbR) mechanism, which bases the income received each year on the activity delivered in that year by reference to the National Tariff. Monthly payments are received from CCGs based on annual service contracts, and this national framework reduces the Trust's exposure to liquidity risk.

The Trust borrows from the Department of Health and Social Care (DHSC) for operating purposes, and actively mitigates liquidity risk by daily cash management procedures incorporating the timely initiation of loans, keeping all cash balances in an appropriately liquid form. Liquidity is monitored by the Trust's Board on a monthly basis through monthly reports on movements, variances and trends in cash-flows, and the liquidity metric measured within the NHSI's Use of Resources (UoR) Rating.

The Trust may borrow from commercial organisations to support liquidity, but currently has no commercial borrowings. Fixed interest rate loan facilities are in place with DHSC at 31 March 2020 for revenue support, as follows.

- Working capital facility loan of £23.3m at 3.5%, drawn down in 2016/17 and 2017/18.
- Interim revenue support loans' of £60.6m at 1.5% and 3.5%, drawn down between 2017/18 and 2019/20.

The Trust also holds two fixed interest rate loans with DHSC which have funded past capital developments, as follows.

- 25 year loan of £6.5m at 4.32%, drawn down in 2009/10.
- 10 year loan of £7.5m at 1.96%, drawn down in 2014/15.

Repayments on the capital loans have commenced, and are paid according to a set schedule over the period of the loans. To date, £6.8m has been repaid.

In April 2020 the Department of Health announced it's intention to issue new Public Dividend Capital (PDC) for the purpose of funding repayment of all NHS provider's interim revenue support and working capital loans. The new PDC does not require repayment of principle and therefore the swap of loan to PDC funding removes a material uncertainty over the Trust's ability to repay its loan balances. It is expected that PDC will be issued on 30 September 2020 allowing the Trust to repay its working capital and interim revenue support loans described above.

The loan repayment schedule is contained within the maturity of financial liabilities table in Note 28.4.

Credit risk

The Trust minimises its exposure to credit risk arising from deposits with banks and financial institutions through implementing its Treasury Management procedures. Cash required for day to day operational purposes is held within the Trust's Government Banking Services (GBS) account. GBS balances are swept into the Bank of England overnight, with the specific aim of reducing credit risk exposure for bodies within government.

The Trust regularly reviews debtor balances, and has a comprehensive system in place for pursuing past-due debt. Aged debts are regularly assessed and proactive credit control is in place, including referral to debt recovery agents when internal efforts are exhausted and it is deemed potentially cost-effective to pursue. Every quarter, aged debts are individually presented to the Trust's Audit Committee for further scrutiny.

The main source of income for the Trust is from CCGs in respect of healthcare services provided under contractual agreements. The credit risk associated with such customers is minimal. Non-NHS customers (for example, private patients and prescription charges) typically have a higher rate of write-off, but represent a small proportion of income. Therefore, the Trust is not exposed to significant credit risk from its customers.

The movement in the *Allowance for credit losses* during the year is disclosed in Note 19.2. The Trust's approach to the impairment of financial assets is detailed in Note 1 Accounting Policies.

The carrying amount of financial assets represents the Trust's maximum level of credit exposure. Therefore, the maximum exposure to credit risk at the Statement of Financial Position date was £25.5m (£11.9m 2018/19), being the total of the carrying amount of financial assets excluding cash (Note 28.2). There are no amounts held as collateral against these balances.

Market risk

The Trust is principally a domestic organisation with the majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations and therefore has low exposure to currency rate fluctuations.

The Trust does not invest for capital appreciation. All of the Trust's financial assets and financial liabilities carry nil or fixed rates of interest other than the Trust's bank accounts which earn interest at a floating rate; the Trust is not exposed to significant interest rate risk.

Note 28.2 Carrying values of financial assets

In the following Notes, non-financial assets and non-financial liabilities are excluded. Therefore, the receivables and payables figures are lower than their respective balances within the Statement of Financial Position (SOFP).

Carrying values of financial assets as at 31 March 2020	Held at amortised cost £000
Trade and other receivables excluding non financial assets	21,445
Cash and cash equivalents	5,931
Total at 31 March 2020	**27,376**

Carrying values of financial assets as at 31 March 2019	Held at amortised cost £000
Trade and other receivables excluding non financial assets	11,872
Cash and cash equivalents	6,515
Total at 31 March 2019	**18,387**

Note 28.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost £000
Loans from the Department of Health and Social Care	91,378
Obligations under finance leases	130
Trade and other payables excluding non financial liabilities	36,417
Provisions under contract	6,747
Total at 31 March 2020	**134,672**

Carrying values of financial liabilities as at 31 March 2019	Held at amortised cost £000
Loans from the Department of Health and Social Care	74,308
Obligations under finance leases	191
Trade and other payables excluding non financial liabilities	27,356
Provisions under contract	7,712
Total at 31 March 2019	**109,567**

Note 28.4 Maturity of financial liabilities

	31 March 2020 £000	31 March 2019 £000
In one year or less	123,641	30,970
In more than one year but not more than two years	1,941	19,510
In more than two years but not more than five years	5,328	53,921
In more than five years	3,762	5,166
Total	**134,672**	**109,567**

As per note 28.1 £83.9m of working capital and interim revenue support loans from the Department of Health & Social Care are due to be repaid on 30 September 2020 following the issue of new Public Dividend Capital for that purpose. The maturity profile of these loans has been reclassified to less than one year.

Note 28.5 Fair values of financial assets and liabilities

The Trust has two capital loans and a number of revenue support loans with the Department of Health and Social Care. The carrying value of the borrowings liability is considered to approximate to fair value, the interest rate not being significantly different from market rate. All other financial assets and liabilities have carrying values which are not significantly different from their fair values.

Note 29 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise.

The Trust made the following losses and special payments, on an accruals basis (with the exception of provisions for future losses), during the financial year.

	2019/20		2018/19	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Cash losses	14	2	9	5
Fruitless payments	-	-	-	-
Bad debts and claims abandoned	22	2	22	3
Stores losses and damage to property	5	77	5	142
Total losses	**41**	**81**	**36**	**150**
Special payments				
Compensation under court order or legally binding arbitration award	1	36	-	-
Extra-contractual payments	-	-	1	375
Ex-gratia payments	44	172	60	74
Special severance payments	-	-	1	17
Extra-statutory and extra-regulatory payments	-	-	-	-
Total special payments	**45**	**208**	**62**	**466**
Total losses and special payments	**86**	**289**	**98**	**616**
Compensation payments received		-		-

No losses or special payments of any type, over the disclosure threshold of £300k were recorded in 2019/20

Note 30 Related parties

Whole of Government Accounts (WGA) and consolidation

Wirral University Teaching Hospital NHS Foundation Trust is a public benefit corporation established under the NHS Act 2006. Monitor (operating as NHS Improvement) does not prepare group accounts, but rather, it prepares *NHS foundation trusts: consolidated accounts*, for further consolidation into the Department of Health and Social Care's accounts, and, ultimately, the Whole of Government Accounts. Monitor (operating as NHS Improvement) has powers to control NHS foundation trusts, but its financial results are not incorporated within the consolidated accounts, and it cannot be considered to be the parent undertaking for foundation trusts. The Department of Health and Social Care (DHSC) is the parent department of the foundation trust sector. Although there are a number of consolidation steps between the Trust's accounts and Whole of Government Accounts, the Trust's ultimate parent is HM Government.

WGA bodies

All bodies within the scope of the Whole of Government Accounts are considered to be related parties as they fall under the common control of HM Government and Parliament. The Trust's related parties therefore include other trusts, foundation trusts, clinical commissioning groups, local authorities, central government departments, executive agencies, non departmental public bodies (NDPBs), trading funds and public corporations.

During the year, the Trust has had a number of transactions with WGA bodies. Listed below are those entities other than DHSC for which the total transactions or total balances with the Trust have been collectively significant or potentially material to the other body.

Betsi Cadwaladr University Local Health Board	NHS Pension Scheme
Countess of Chester Hospital NHS Foundation Trust	NHS Professionals
Health Education England	NHS West Cheshire CCG
HM Revenue & Customs	NHS Wirral CCG
NHS England (including sub-entities)	The Clatterbridge Cancer Centre NHS Foundation Trust
NHS Resolution (formerly NHS Litigation Authority)	Wirral Community NHS Foundation Trust

Public dividend capital (PDC) transactions with DHSC

The Trust made PDC dividend payments to DHSC totalling £2.0m (£2.3m 2018/19), received additional PDC of £0.5m (£2.0m 2018/19), and is reporting a year-end receivable totalling £0.5m for PDC dividend (£0.1m 2018/19).

Allowance for credit losses - related parties

No related party debts have been written off by the Trust in 2019/20 (none in 2018/19). The Trust's *Allowance for credit losses* is calculated such that it includes no balance in relation to its related parties (nil 2018/19).

Charitable related parties - WUTH Charity

Wirral University Teaching Hospital NHS Foundation Trust Charitable Fund (registered charity number 1050469, known as 'WUTH Charity') is a subsidiary of the Trust and therefore a related party. The Trust is the Charity's corporate trustee, which means that the Trust's Board of Directors is charged with the governance of the Charity. The Charity's sole activity is the funding of capital and revenue items for the benefit of the Trust's patients. Further details can be found at https://www.wuthcharity.org/.

The Charity's total funds balance as at 31 March 2019 was £0.9m (£1.0m 2018/19) with net expenditure of £0.1m (£0.3m net income 2018/19). During the year the Charity incurred expenditure of £0.5m (£0.2m 2018/19) in respect of goods and services for which the Trust was the beneficiary.

Other related parties

Aside from the Trust's Charity, the Trust has no subsidiaries or associates.

Key management personnel

Key management personnel are *related parties* to the Trust, and are defined in IAS 24 *Related Party Disclosures* as 'those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.' They are identifed by the Trust as being the same individuals as the 'senior managers' which are disclosed in the remuneration section of the Annual Report, which contains details of their remuneration and other benefits.

In 2019/20, the Trust had expenditure of £9k with Edge Hill University, at which Steve Igoe, a non-executive director of the Trust, is the Deputy Vice Chancellor. In addition the Trust had expenditure of £2k with the Healthcare Financial Management Association, at which Claire Wilson, chief finance officer of the Trust, is a Trustee. Both these expenditures are not believed to be in any way material to either party, and all dealings were undertaken on an arms-length basis.

During the financial year under review, no other member of key management personnel, and no other party closely related to these individuals outside of the NHS, has undertaken transactions with Wirral University Teaching Hospital NHS Foundation Trust.

Note 31 Events after the reporting date

1.) Reforms to the NHS Cash Regime

Under the NHS Cash Regime in place at the reporting date financial support has been given to providers where required in the form of interest bearing loans. The Trust's borrowings under this regime at 31 March 20 included interim revenue support and interim working capital support loan principal totalling £83.9m. The ability of the Trust to repay this loan principal as it fell due has been a source of material uncertainty in the going concern assessment of the Trust.

On 01 April 2020 reforms to the NHS Cash Regime were announced with plans to extinguish interim revenue, working capital and capital debt during the 2020/21 financial year. This is to be achieved by the issue of new financial support in the form of Public Dividend Capital (PDC) which will allow providers to repay outstanding loan balances. The new PDC issued does not require repayment of principal, thereby removing a key going concern uncertainty and freeing up cash resource for investment in maintaining vital services and future capital investment. Although repayment of principal is not required the new PDC issued will attract an annual charge of 3.5%.

It is expected this transaction will take place on 30 September 2020 when £83.9m of loan principal will be repaid and be replaced by PDC. Where future financial support is required by the Trust it will be be able to apply to NHS Improvement for additional PDC funding in place of loan funding.

2.) Impact of Covid19 on Contracting Arrangements with Commissioners

On 17th March 2020 the operational planning process for 2020/21 was suspended and NHS England/Improvement announced amended financial arrangements for the period from 1 April to 31 July 2020, to enable the NHS to respond to Covid19.

Under these arrangements Trust income has moved to a nationally determined monthly ‘block contract’ payment plus where necessary, ‘top-up’ payments designed to cover the impact of Covid19 costs. Therefore the Trust has a guaranteed minimum level of income reflecting the current cost base and is able to deliver a break-even financial position. The aim of this proposal is to free-up the maximum possible inpatient and critical care capacity and to remove routine burdens.

The planning process for 2020/21 has not been finalised and the Trust has not yet agreed an operational or financial plan with its regulators beyond 31 July 2020.

Contracting arrangements after 31 July 2020 have not yet been confirmed by NHS England/Improvement. However the Government has issued a mandate to NHS England for the continued provision of services in England in 2020/21 and Clinical Commissioning Groups (CCGs) allocations have been set for the remainder of 2020/21. While these allocations may be subject to minor revision as a result of the COVID-19 financial framework, NHS England have confirmed to CCGs that they will be provided with sufficient funding for the year. As a result the Trust expects NHS funding to flow at similar levels to that previously provided. While the mechanisms for contracting and payment are not definitively in place, it is clear that NHS services will continue to be funded, and government funding is in place for this.