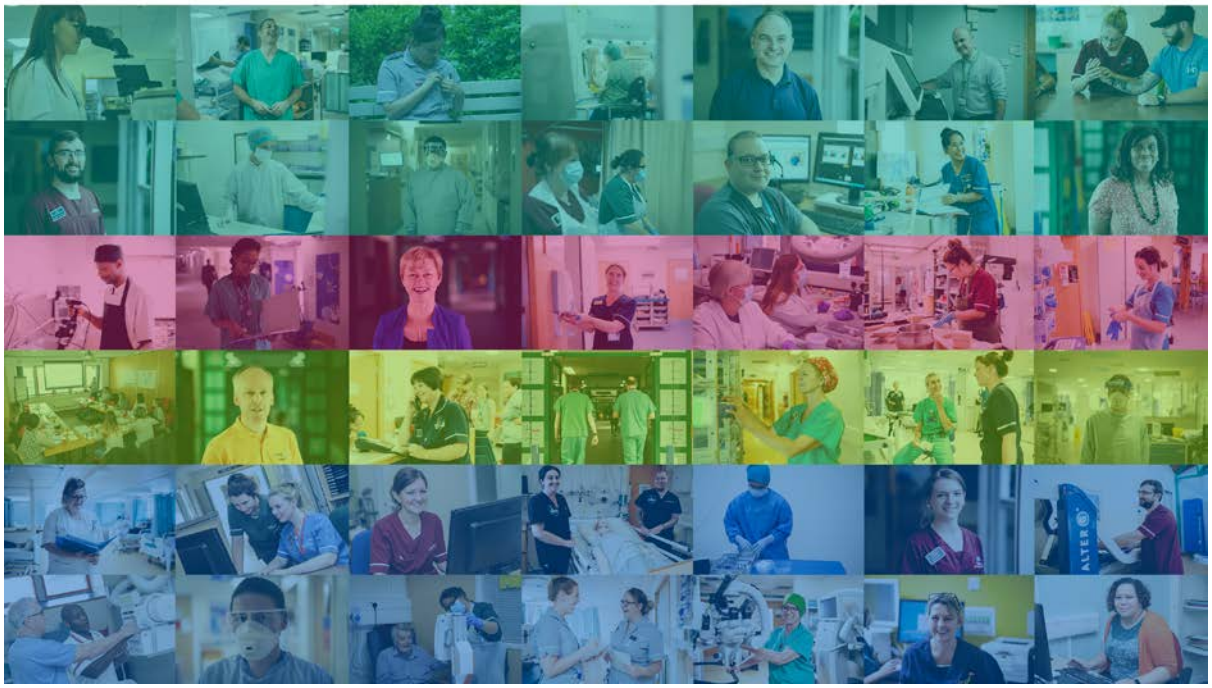
Annual Report and Accounts 1 April 2019 to 31 March 2020



Salisbury NHS Foundation Trust

Annual Report and Accounts 2019 to 2020

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

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Please note some photos were taken in 2019/2020, before social distancing guidance came into place.

If you would like further copies of this report or need a copy in larger print, another language or on tape please contact the Chief Executive's Department.

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PERFORMANCE REPORT

Overview of Performance

This overview provides a summary of the Trust and its activities. It highlights the Trust's performance against both the NHS national performance standards and the Trust's own corporate and strategic aims. This overview sets out the primary risks and challenges the Trust has encountered in the delivery of its objectives and how these have impacted on performance.

Chief Executive's Statement

This performance overview has been compiled in unprecedented times for Salisbury NHS Foundation Trust, the wider NHS and the country as we face the most significant global pandemic in our lifetime. At the end of 2019/2020 the hospital, its staff and our local community turned its focus to dealing with this global public health emergency, and the hospital's operations quickly had to plan and adjust to deliver our services in completely different ways. We have been asked to work, live and socialise differently.

We have been overwhelmed and so grateful by the outpouring of support for the local NHS, our hospital, its staff and our partners in other key services. The recognition we have received from the community we serve has lifted our staff on a daily basis throughout these difficult times, and I hope will bring lasting closer links to the people we serve.

Both because of and in spite of the challenges presented to us at the end of 2019/2020, Salisbury NHS Foundation Trust is proud to share our achievements and reflect on the financial year 2019/2020. This Annual Report is an opportunity to consider what we have accomplished, the broader challenges we have faced and above all thank our staff and partners who have contributed so much to our successes.

Patient safety and the quality of care has remained our top priority, building on our 'Good' CQC rating which was received in March 2019. We immediately established a series of actions to address the recommendations made in the CQC inspection report and I am pleased with the progress that has been made. New Quality Improvement (QI) initiatives such as the identification of 36 Quality Improvement coaches across our workforce will help us embed our desired culture of continuous development and service transformation. The QI coaching training has specifically helped a number of teams use process mapping as an approach to reviewing and identifying new ways of working. For example, the Bereavement Team as part of the introduction of the Medical Examiner Officer Role; the staff therapist in Occupational Health reviewed the processes to help streamline services for MSK referrals; and the Private Patients Team were able to deliver increased efficiency in their service delivery following a process review last year. In addition, the Elderly Care Therapy Team implemented the "Eat, Drink, Move" project on Spire Ward to help maintain the functional independence of their patients whilst in hospital. This team approach to quality improvement built upon the work of End PJ Paralysis last year, to use approaches such as lunch clubs and music therapy, working with the Elevate programme, encouraging the use of physical activity to improve mobility, self-care and facilitate discharge.

This focus on continuous improvement has assisted the Trust in maintaining resilience in the delivery of its core services. While achieving the NHS constitutional standards for emergency, planned and diagnostic care has proven increasingly challenging as demand for our urgent and emergency services increases in particular, I am proud that the actions and hard work of the hospital teams and our partners has allowed us to continue to deliver levels of performance that benchmark well, often in the top 10 nationally, when compared to hospitals across the NHS.

I am optimistic that the rapid changes we have put in place as a result of the COVID-19 pandemic will leave us stronger and more resilient to tackle future demand for health services. Major projects such as our theatres improvement plan and the progression of our estates masterplan will allow us to increase our capacity to provide planned and elective care in greater volumes when the pressure of the pandemic becomes more stable.

Equally, our desire and ability to embrace new technologies and ways of working provides us the opportunity to provide more personal care in different ways. The use of 'Attend Anywhere' and virtual consultations to provide consultant-led, outpatient care to people in their own homes will permanently change how we deliver planned consultations. Hundreds of patients can now receive care at a place and time that is convenient to them, without needing to come to the hospital site.

We have put particular emphasis on our role as a partner in the development of the Bath, North East Somerset, Swindon and Wiltshire Sustainability and Transformation Partnership (BSW STP) in 2019-2020. BSW's Long Term Plan has been developed over the course of this year and we are working with our local partners to deliver its priorities. I am particularly pleased with the progress our local health and social care system has made in planning further integration of services, putting the needs of our local population first. I welcome the closer partnerships we have developed with local partners, particularly Wiltshire Council, Wiltshire Health and Care and our local Primary Care Networks. The merger of three Clinical Commissioning Groups (CCGs) to form a single BSW CCG will further assist in progressing our integration and partnerships.

I have been delighted this year to have welcomed many new staff to work at the Trust. We have been particularly successful in recruiting nursing staff through an international campaign, and we continued to have significant interest in working for the Trust through our Health Care Assistant recruitment events. As we enter 2020/2021, we will continue our ambition to make Salisbury NHS Foundation Trust the 'Best Place to Work'.

Finally, as always, we are hugely appreciative of all those who support the Trust, in all sorts of ways, whether that's the Council of Governors, our members, the Stars Appeal or League Friends, the brilliant gardeners in Horatio's Garden and the Hospice volunteers; each play a vital part in the life of the hospital. We are also fortunate to be supported by a wide range of individuals, local businesses and charitable groups.

Perhaps you are one of the generous people who has provided gifts for our staff during the Coronavirus incident, or donated generously to the Stars Appeal staff support fund. In these and so many other areas, whatever your contribution to the hospital, I am grateful.

Cara Charles-Barks
Chief Executive

Purpose and Activities of the Trust

Introduction to Salisbury NHS Foundation Trust

Salisbury NHS Foundation Trust is a statutory body, which became a public benefit corporation on 1 June 2006.

We deliver a broad range of clinical care to approximately 270,000 people in Wiltshire, Dorset and Hampshire which includes:

- Emergency and elective inpatient services
- Day case services
- Outpatient services
- Diagnostic and therapeutic services
- Specialist spinal rehabilitation, plastics and burns

Specialist services, such as burns, plastic surgery, cleft lip and palate, rehabilitation and the Wessex Regional Genetics Laboratory extend to a much wider population of more than three million people. Salisbury District Hospital includes the Duke of Cornwall Spinal Treatment Centre. This is a purpose built, 45 bed unit which specialises in caring for people who have spinal cord injury and serves a population of 11 million covering an area across most of southern England.

Our services are delivered by 4,800 staff who work tirelessly to deliver high quality care to our local population.

In 2019/2020, the Trust has established a new clinical divisional management structure to co-ordinate and deliver high quality services. Services are provided through the following Clinical Divisions:

- Medicine
- Surgery
- Clinical Support and Family Services

The clinical divisions are supported by a number of corporate functions including estates and facilities, finance, human resources and information technology. Divisions are led by divisional management teams, with a Clinical Director, supported by a Division Manager and Division Head of Nursing or Allied Health Professional. This means that the hospital's clinically trained staff have direct responsibility for budgets and patient services, within their division. The divisions have a clear line to the Board, reporting to the Chief Operating Officer who in turn reports to the Chief Executive.

As an NHS Foundation Trust, the Trust has a Council of Governors. The Trust Board is accountable to the Council of Governors. In addition, Governors have a wider role which includes ensuring that the local community and staff have a say in how services are developed and delivered by the Trust.

The Trust has two subsidiary companies, Odstock Medical Ltd and Salisbury Trading Limited. Odstock Medical Ltd (OML) was set up in 2005 to market worldwide its experience and knowledge of functional electrical stimulation and its own pioneering electrical devices for patients who have had a stroke or other neurological disorders. Income generated is used for research and for new initiatives.

Salisbury Trading Limited provides a laundry service to Salisbury District Hospital and other NHS organisations. The Trust also works with other organisations in joint ventures. For instance, it works with the Great Western Hospitals NHS Foundation Trust and the Royal United Hospitals Bath NHS Foundation Trust to provide adult community services across Wiltshire, through

Wiltshire Health and Care. It also works with Sterile Supplies Ltd to provide sterilisation and disinfection services to Salisbury District Hospital and other NHS organisations. Our procurement and payroll services provide support for a number of local NHS organisations.

Our Role in the Bath, North East Somerset, Swindon and Wiltshire (BSW) Sustainability and Transformation Partnership

Driven by the health and care needs of our local populations, the Trust is committed to developing our role in supporting system partnerships and co-operation across Bath and North East Somerset, Swindon and Wiltshire (BSW). We are working across the geography of both BSW and our local area (which includes parts of Dorset and West Hampshire) to change and improve the way in which health and care is delivered. We recognise that we need to balance a system partnership approach with the Trust's priorities and promote relationships (formal and informal), clinical pathways and NHS structural reform which support solutions to local challenges.

With our partners in BSW, a five year plan has been established this year. In order to achieve an outstanding experience for every patient, integrating service provision across south Wiltshire offers the best opportunity of addressing the challenges that lie ahead. This transformation approach has begun, with closer collaboration between community services, Wiltshire Council and our local Primary Care Networks. The Trust has a shared vision for improving health and care for the local population.

Our Strategic Priorities 2019/2020

As we reach the midpoint of our corporate strategy, 2018-2022, we continue to review and refine the Trust's strategic priorities, and ensure that they are underpinned by key transformational projects to enhance the service we provide to our local population. While our strategic planning is increasingly informed by the NHS Long Term Plan and the priorities driven in the BSW Long Term Plan, our strategic priorities remain focussed on the delivery of outstanding local and specialist services through a drive for innovation. We will achieve this through careful management of our resources, investment in our people and an unwavering focus on the quality of the care we provide.

The Trust has three strategic priorities supported by three enabling priorities:

Local Services
We will meet the needs of the local population by developing new ways of working which always put patients at the centre of what we do.

Specialist Services
We will provide innovative high quality specialist care delivering outstanding outcomes for a wider population.

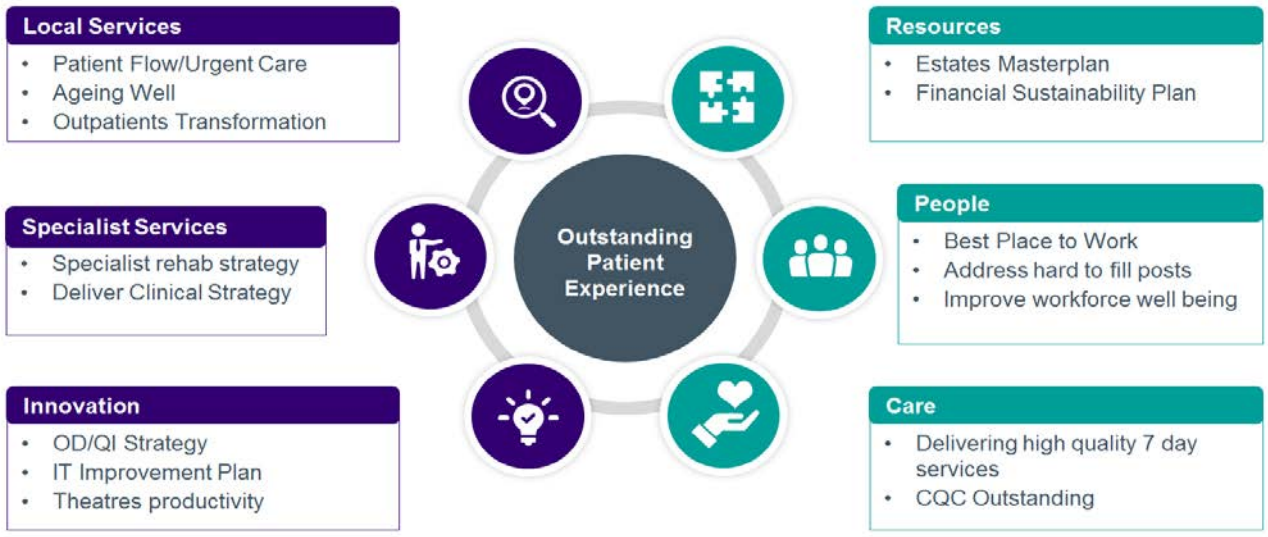
Innovation
We will promote new and better ways of working, always looking to achieve excellence and sustainability in how our services are delivered.

Care
We will treat our patients and their families with care, kindness and compassion and keep them safe from avoidable harm.

People
We will make Salisbury NHS Foundation Trust a place to work where staff feel valued and are able to develop as individuals and as teams.

Resources
We will make best use of resources to achieve a financially sustainable future, securing the best outcomes within the available resource.

The figure below summarises our corporate initiatives in each area of the strategy for 2019/2020.



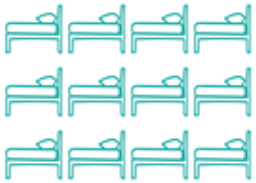
The figure overleaf sets out at summary level our performance against some key performance measures which are reported monthly by the Trust.

NHS Salisbury NHS Foundation Trust

Our Performance 2019-20

There were **33,125** Non-Elective Admissions to the Trust

We carried out **5,189** elective procedures & **24,836** day cases



98.8% of patients received a diagnostic test within **6 weeks**

Emergency (4hr) Performance **90.1%**

We delivered **250,000** outpatient attendances

We provided care for a population of approximately **270,000**

Our income was **£252m**

14,897 patients arrived by Ambulance

We met **4 out of 7** Cancer treatment standards

Referral to Treatment 18 Week Performance: **91.9%**

Total Waiting List: **16,924**

17.5% of discharges were completed before 12:00

Our overall staff vacancy rate was **1.21%**

Performance Summary

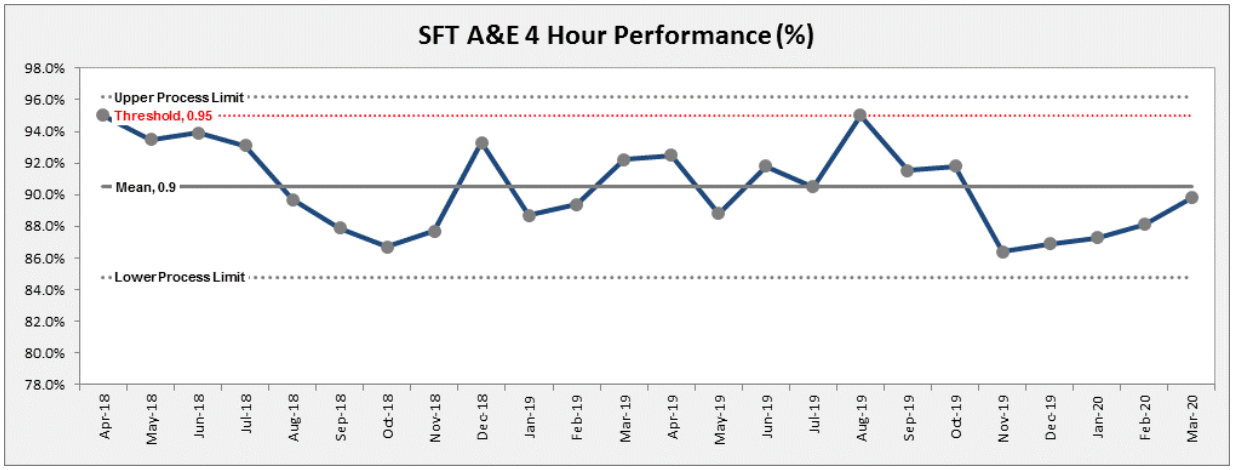
The Trust's performance is monitored against key national indicators. The Trust has made significant strides in integrating its reporting structure to our Board and Board Committees in 2019-2020, to ensure that information is linked to the Trust's strategic plans and corporate priorities. Our monthly integrated performance reports are available on our website as part of monthly Board papers and can be downloaded via:

http://www.salisbury.nhs.uk/AboutUs/TrustBoard/AgendaBoardPapersAndMinutesTrustBoard/Pages/indexpage.aspx.

The statistical process charts (as illustrated below) which are used in our monitoring allow our Board and its Committees to see trend analysis on key targets for the previous 24 months, and allows the Trust to undertake better informed forecasting of future performance and demand for services.

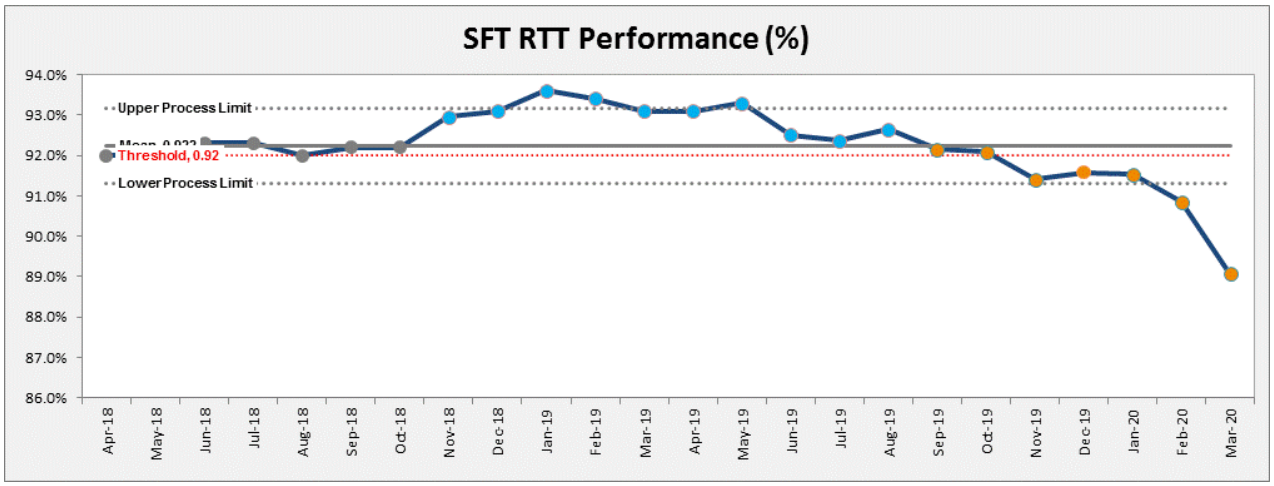
The key indicators relate to waiting times and access to treatment, which are monitored monthly across the Trust. During 2019/2020 the Trust continued to benchmark favourably against its main targets, although the challenges of non-elective pressures in Quarter 3 and 4 of this year have had an impact on the Trust's ability to maintain its performance, particularly against Referral to Treatment and Diagnostic waiting times.

Emergency Access (4 hour) Standard



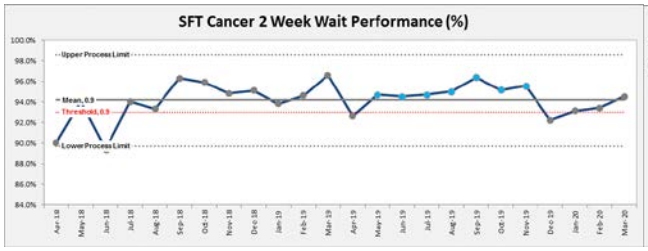
The Trust maintained broadly consistent performance against the Emergency Access (4 hour) standard as previous years, with 90.1% of patients being admitted or discharged within 4 hours against the standard of 95%. Non-elective demands made the delivery of this standard most challenging between November 2019 and February 2020. The ability of the Trust to maintain good patient flow (processes to admit and discharge patients in a timely manner) continues to impact on this performance, but the successes seen in building capacity to manage the pandemic have given the Trust and its partners significant learning to apply to this challenge.

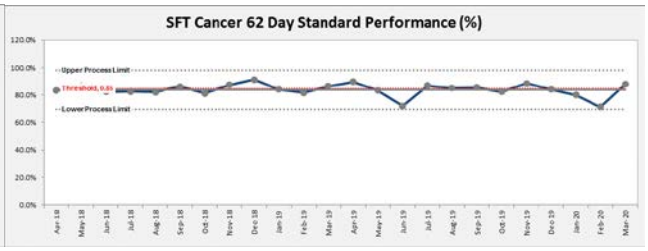
Referral to Treatment



Referral to Treatment waiting times have increased in many specialties over the course of the year and the Trust has not been able to recover the delivery of this target (92% of pathways completed within 18 weeks) since September 2019. However, good progress was made in Quarter 4 of 2019/2020 in reducing the Trust's overall waiting list size. After the list grew through much of the year, it had returned to a similar volume by March 2020 after a successful launch of initiatives; most notably virtual outpatient appointments and improvements in theatre productivity, with theatre teams now using an INSIGHTS dashboard to inform planning and decision making.

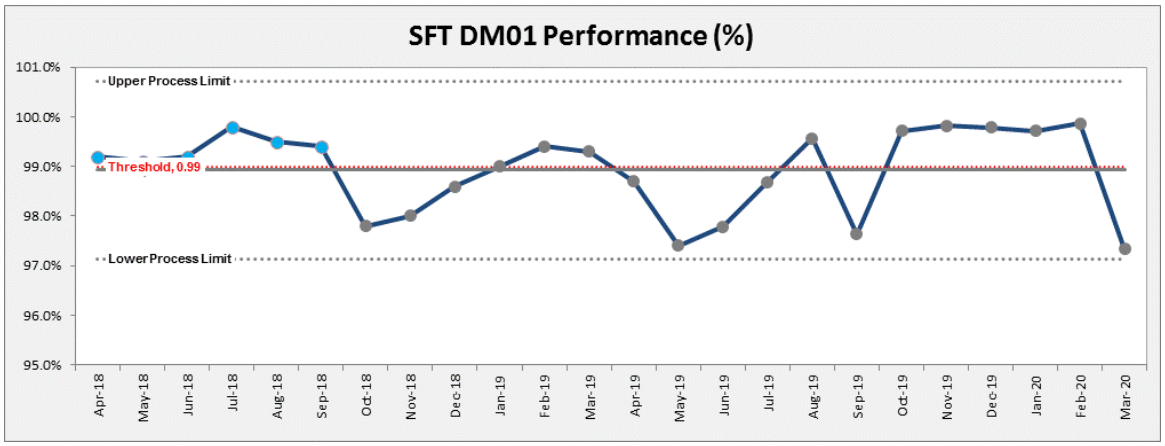
Cancer Treatment





Performance against the cancer waiting times targets has been more challenging in the second half of the year. 2 week referral times have largely been maintained, with some decline in performance in Quarter 4 as winter pressures challenged service delivery. This is similarly the case for the 62 day treatment cancer standard. The Trust has been putting in place processes to enable the reporting of the new 28-day faster cancer diagnosis standard, which will ensure patients who are referred for investigation will find out within 28 days if they do or do not have a cancer diagnosis. This standard will be introduced from April 2020.

Diagnostics



The Trust has broadly maintained achievement of the diagnostic waiting time standard throughout 2019/2020; this will prove more challenging with the reduction in diagnostic activity during the initial phases of the Coronavirus pandemic.

Local Services

Much of the Trust's focus has been on the relationships required to achieve integrated care in South Wiltshire. The Trust has contributed to the development of the BSW Long Term Plan, and sought to ensure the priorities for South Wiltshire are recognised in its development. We have built strong relationships with our local Primary Care Networks, and have agreed a programme of work focussed on building a better understanding of population health, sharing leadership development and working together to plan future service delivery, particularly in areas where there are existing community and secondary care services which could be better integrated.

The Trust has played an active role in the development of the BSW Acute Alliance. Clinical and enabling workstreams have been agreed by the Alliance, with projects ranging from specific service review to consistent deployment of the Getting it Right First Time (GIRFT) and Model Hospital analysis tools. The use of Model Hospital data has been centred on a detailed analysis of the top ten opportunity areas which are in turn fed in to the Trust's Cost Improvement Plans.

A detailed programme of work to address the increasing demand for services from our frail, elderly population has been established, as have good links with Primary Care Networks in this area. This work will be underpinned by a renewed strategy for the development of our services for older people and aim to better integrate services with local partners. The Trust facilitates a local Older People and Frailty Strategic Group which is driving this work forward.

Specialist Services

As part of its strategic priorities, the Trust has built on its reputation for good quality specialist services. The level of expertise across these areas remains recognised nationally with outstanding microsurgical techniques, management of patients with burns, cancer care, reconstructive surgery, services for patients with a spinal cord injury and the Wessex Regional Genetics Laboratory which forms part of the genetics consortium extending across Wessex, Oxfordshire and the West Midlands.

Alongside our partner Trust, University Hospitals Southampton, and led by Birmingham Women's and Children's NHS Foundation Trust, we have progressed work in establishing the new Genetics Laboratory Hubs as part of the national programme to reconfigure genetics services.

During 2019/2020, we have also undertaken a reconfiguration of our Spinal Rehabilitation Unit, with patients now being cared for in a single area; Longford Ward. The new ward will help us care for people from across the South West who have suffered life-changing spinal cord injury. The ward reconfiguration is part of the wider transformation of the Spinal Centre to deliver a higher standard of care in response to patients' needs and feedback.

Innovation

The Trust agreed updated Quality Improvement and Digital Strategies at the start of 2019 and a number of projects have been progressed through alignment with the BSW digital strategy including Electronic Patient Records and the Local Health Care Record.

Significant progress has been made on the transformation of how our Outpatients services are delivered. The Trust has established a clinically led programme working with three CCG partners (BSW, Dorset and Hampshire) and have developed bottom up specialty level improvement plans, with good clinical and operational leadership, across 19 specialties. Clinical triage introduced in a number of specialties has had a positive impact on reducing access times and is ensuring patients are seen by the right clinician in the right place.

As part of the Trust's approach to reducing the number of face to face appointments, in line with the Long Term Plan, we introduced a new video consultation service (Attend Anywhere) in November 2019. To date 870 patients have been seen through video consultation. Thirty specialty waiting areas have been established with 19 currently active and the service continues to grow. Patient and clinician feedback has been extremely positive. To support this change, a total of 90 clinicians have now received Attend Anywhere video consultation training. We are also offering a larger number of telephone clinics.

To increase our clinical advice and guidance offer, we introduced a new approach to providing urgent telephone advice and guidance to GPs in February 2020 (through the Consultant Connect platform). Nine specialties are now providing advice through this service and further specialties are on plan to start shortly. To date 200 calls have been received of which 52% have avoided a referral or admission. We are currently planning to expand this service to include telemedicine (the use of digital images alongside urgent advice and guidance referrals).
The programme is also standardising its approach to patient initiated follow ups (PIFU) and are working with services to increase PIFU as part of our planned reduction of follow up appointments.

Trust Risks, Opportunities and Sustainability

As we enter 2020/2021, the Trust has both a number of opportunities, and faces risk in the delivery of its corporate objectives and strategy. The Board Assurance Framework (BAF) is the tool which the Trust uses to assure itself about successful delivery of its priority objectives. High scoring risks in the Corporate Risk Register also have an impact on delivery.

The management of the Coronavirus pandemic has meant the Trust has needed to amend its overall risk profile at the beginning of 2020/2021, but in addition to this the key risks managed by Salisbury NHS Foundation Trust in 2019/2020 include:

- Concerns about the safety and effectiveness of services at the weekend as evidenced by a higher than expected weekend HSMR
- Concerns about the quality and resilience of the gastroenterology service
- Developing and delivering an effective productivity improvement and cost reduction strategy
- Remodelling the workforce to deliver new models of care to mitigate difficult to recruit to posts
- Compliance with access standards
- Information technology, clinical systems and technical infrastructure
- Managing the significant backlog estate within limited capital funding

- Managing the cancer pathway, including capacity challenges and specific increased demand in dermatology pathway

The Trust established controls or implemented actions to manage these risks as summarised below:

- Implemented improvements in weekend junior doctor and pharmacy staffing together with establishing a weekend safety working group and working with system partners to improve community provision and discharge at weekends.
- Commissioned a gastroenterology service review by the Royal College of Physicians resulting in a comprehensive improvement plan with progress being monitored by the Clinical Governance Committee.
- The Trust had a transformation programme with associated governance to track, monitor and manage delivery of cost improvement programmes across the Trust.
- The establishment of a hard to recruit work stream, focusing on those professions and specialities who are most challenged.
- Implementation of the longer term digital strategy and focus on a 2019/2020 infrastructure and controls improvement plan.
- Robust capital prioritisation processes to ensure resources are deployed effectively.
- Continuation of the development of a health and care campus.
- Controls in place for oversight and monitoring of access and performance information as evidenced with good outcomes in year.

Looking forward to 2020/2021

In 2020/2021, the Trust will be focussed on enacting plans as part of the NHS Declaration of a Level 4 National Incident on 30 January 2020. The Trust's immediate delivery of its strategic plans will be limited to where they contribute to the need to put in place multiple actions to manage the significant pressure placed on the NHS and care systems nationally.

The Trust therefore starts the year focussed on:

- Making best use of our inpatient and critical care capacity.
- Preparing for, and responding to, COVID-19 patients who need hospital treatment.
- Supporting staff, and planning to ensure our workforce can meet any demand.
- Playing our part in the wider population social distancing measures announced by the Government.
- Resetting normal hospital operations to reflect new ways of working and the need to operate services alongside the response to COVID-19.

Within this context, we acknowledge the great opportunity in our closer integration with local partners and will continue to prioritise this and the benefits it provides in the delivery of our wider strategic objectives. We will review these to ensure the Trust is best placed to deliver the NHS and BSW Long Term Plans and we will embrace the priorities of the NHS People Plan with the vision to make the Trust the 'Best Place to Work.'

Our financial position remains a challenge and we have prioritised the plans to address this. The Trust has agreed a financial sustainability plan in early 2020 and will complete an implementation plan for this strategy in early 2020-2021. At a system level, financial sustainability is also a priority and BSW has set initiatives to address this.

The future sustainability of the Trust will also be dependent on our ability to progress the delivery of our estates masterplan. The operational resilience of areas such as Day Surgery and the Maternity Unit remain regular concerns, alongside managing the risk of high capital expenditure on reactive maintenance in the ageing parts of our estate. We have successfully carried out public consultation on the first phases of our estates masterplan and completed a full Strategic Outline Case for its implementation. However, the ability of the Trust to progress this scheme remains contingent on clarification of national funding schemes available for capital development.

Going Concern

The Trust has submitted a financial plan for 2020/2021 to NHS Improvement which delivers a deficit position of £15m after delivery of a £6m savings programme, which has been agreed by the Board of Directors and is embedded in the budget. However, this plan was developed before the impact of COVID-19, since which the payment regime and mechanisms for reimbursement have changed significantly. For activity and financial planning the Trust has reverted to block contract payment mechanisms which ensures appropriate access to cash.

The Board of Directors has discussed the appropriateness of continuing operations on a 'going concern' basis. Having reviewed the Financial Reporting Manual, and discussed the available evidence, the Board of Directors is content for the accounts to be prepared on a 'going concern basis', although there remains significant risk to delivery of the financial plan, and the subsequent cash position of the Trust.

Quality Report

In response to reducing the burden on NHS Trusts during the COVID-19 national incident, there is not a requirement for NHS Foundation Trusts to include a Quality Report in their 2019/2020 annual reports. The Trust has still produced a Quality Account for 2019/2020 which provides a comprehensive overview of the quality of care provision. This will be published alongside the annual report.

The Performance Report has been approved by the Trust Board.

Cara Charles-Barks
Chief Executive (Accounting Officer)
22 June 2020 (on behalf of the Trust Board)

ACCOUNTABILITY REPORT

DIRECTORS' REPORT

Board of Directors

The Board of Directors is accountable, through the Chair, to NHS England and NHS Improvement and is collectively responsible for the strategic direction and performance of the Trust. It has a general duty, both collectively and individually, to act with a view to promoting the success of the organisation.

Directors of Salisbury NHS Foundation Trust during 2019/2020

Dr Nick Marsden	Chairman
Cara Charles-Barks	Chief Executive
Dr Christine Blanshard	Medical Director
Paul Hargreaves	Director of Organisational Development and People (until 29 September 2019)
Andy Hyett	Chief Operating Officer
Lorna Wilkinson	Director of Nursing
Lisa Thomas	Director of Finance
Lynn Lane	Interim Director of Organisational Development and People (from 7 October 2019)
Michael von Bertele CB, OBE	Non-Executive Director
Rachel Credidio	Non-Executive Director
Tania Baker	Non-Executive Director (Senior Independent Director)
Paul Kemp	Non-Executive Director
Paul Miller	Non-Executive Director
Professor Jane Reid	Non-Executive Director (until 30 November 2019)
Eiri Jones	Non-Executive Director (from 11 November 2019)
Rakhee Aggarwal	Non-Executive Director (from 1 January 2020)
David Buckle	Non-Executive Director (from 27th January 2020 – non-voting)

Register of Directors' Interests

NHS employees are required to be impartial and honest in the conduct of their business. It is also the responsibility of all staff to ensure they are not placed in a position which risks, or appears to risk, conflict between their private interests and NHS duties.

Members of the Board of Directors are required to disclose details of company directorships or other material interests in companies held which may conflict with their role and management responsibilities at the Trust. There is an annual review of the Register of Interests and compliance with the Fit and Proper Persons Requirements. As a standing agenda item, the Directors declare any interests before each Board and Board Committee meeting which may conflict with the business of the Trust and excuse themselves from any discussion where such conflict may arise. The Trust Board considers that all its non-executive directors are independent in character and judgement.

The Register of Declared Interests is made available to the public by contacting the Director of Corporate Governance, Trust Offices, Salisbury NHS Foundation Trust, Salisbury District Hospital, Salisbury, SP2 8BJ. This can also be found on the Trust website following the link below:

http://www.salisbury.nhs.uk/AboutUs/TrustBoard/Documents/TrustBoardRegisterofMembersandDirectorsInterests2019.doc

NHS Improvement's Well Led Framework

The Trust has considered NHS Improvement's well-led framework in arriving at its overall evaluation of the organisation's performance and in developing its approach to internal control, board assurance framework and the governance of quality.

The Care Quality Commission undertook an inspection of the well-led question in December 2019 and rated the Trust as 'Good'. The CQC stated that 'There was effective, experienced and skilled leadership, a strong vision for the organisation and embedded values. The leadership had the capacity and capability to deliver high-quality sustainable care. Leaders understood the challenges to quality and sustainability and they were visible and approachable. There was a clear vision for the trust and strong values.'

During 2019/2020, the Trust has made significant progress against its well-led action plan, with a key focus on quality improvement, leadership development and strengthening of ward to Board governance arrangements. The Board are planning a self-assessment against the Well-led Framework during 2020/2021.

The Annual Governance Statement describes in further detail the Trust's approach to ensuring services are well-led and quality governance. The Quality Account describes quality improvements in more detail.

Other disclosures

Modern Slavery Act 2019/2020 annual statement

At the Trust we are committed to ensuring that no modern slavery or human trafficking takes place in any part of our business or our supply chain. We are fully aware of the responsibilities we hold towards our service users, employees and local communities. We are guided by a strict set of ethical values in all of our business dealings and expect our suppliers (i.e. all companies that we do business with) to adhere to these same principles. We have zero tolerance for slavery and human trafficking.

Cost allocation and charging guidance Issued by HM Treasury

Salisbury NHS Foundation Trust has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information Guidance.

Political Donations

The Trust has made no political donations of its own.

Better Payment Practice Code

The Trust conforms to the principles of the Better Payment Practice Code and aims to pay its bills promptly. Performance against the code can be viewed below. No interest was paid under the late Payment of Commercial Debts (Interest) Act 1998.

Better payment practice code	By Number	By Value £'000
Non NHS	84.2%	86.5%
NHS	69.8%	72.4%
Total	83.8%	86%

Information on fees and charges

Please see table below which provides an aggregate of all schemes that, individually, have cost exceeding £1million.

		2019/2020	*2018/2019*
	Expected sign		
Income	+	*14,535*	*13,439*
Full cost	-	*-11,577*	*-9,928*
Surplus/Deficit	+/-	***2,958***	***3,511***

Income Disclosure

The Trust can confirm that income from the provision of goods and services for the purposes of the health service in England is greater than its income from the provision of goods and services for any other purposes.

Other Income and Impact on Provision of Services

The Trust provides a variety of services to patients, visitors, staff and external bodies that generate income which cover the cost of the service and makes a contribution towards funding patient care. Services that generate income include: payroll services, accommodation, catering, car parking, private patient treatment, pharmacy products and sterile supplies. The total income from all of these areas amounted to around £8 million. The other areas contributed surpluses, which have been applied to meeting patient care expenditure. In addition, the Trust received £8.5 million from Salisbury Trading Ltd (excluding laundry undertaken for the Trust) and £2.0 million from Odstock Medical Ltd.

The Accountability Report has been approved by the Trust Board.

Cara Charles-Barks
Chief Executive (Accounting Officer)
22 June 2020 (on behalf of the Trust Board)

REMUNERATION REPORT

Chairman of the Remuneration Committee's Annual Statement on Remuneration

In accordance with the requirements of NHS England and NHS Improvement, this remuneration report consists of the following parts:

- An Annual Statement on remuneration
- The Senior Manager's Remuneration Policy
- The Annual Report on remuneration

As the Chairman of the Remuneration Committee, I am pleased to present our remuneration report for 2019/2020.

Senior managers have the authority or responsibility for directing and controlling the major activities of the Trust and for Salisbury NHS Foundation Trust this covers the Chairman, the Executive and Non-Executive Directors. It is important to note that the Remuneration Committee of the Board has responsibility for setting the terms and conditions for the Executive Directors, while responsibility for setting the terms and conditions for the Chairman and Non-Executive Directors lies with the Council of Governors, which is advised by the Performance Committee.

The Remuneration Committee reviewed the salaries and the individual reward packages of the Executive Directors for 2019/2020. Salaries are set in comparison with those given to holders of equivalent posts within the NHS. Advancement within the individual salary scales of Executive Directors is based on successful appraisal outcomes and this is the only performance-related element of the Executive Director's remuneration. The Remuneration Committee works closely with the Chief Executive in reviewing each Executive Director's performance and the Chairman advises the committee on the performance of the Chief Executive.

2019/2020 major decisions on remuneration

During 2019/2020, the Remuneration and Nominations Committee did not make any major decisions affecting remuneration for very senior managers. In line with recommendation received from NHS England and NHS Improvement in January 2020 regarding an annual cost of living pay increase, the uplift was applied in line with the recommendations.

The changes to the Trust's Executive team during 2019/2020 were:

- Paul Hargreaves left the Trust on 29 September 2019.
- Lynn Lane commenced employment on 7 October 2019 as an interim Director of OD and People.
- Jane Reid left her post as Non-Executive Director on 30 November 2019.
- Margaret (Eiri) Jones started as Non-Executive Director on 11 November 2019.
- Rakhee Aggarwal and David Buckle also started as Non-Executive Directors on 5 and 27 January 2020 respectively.

Nick Marsden
Remuneration Committee Chairman
22 June 2020

Senior Managers' Remuneration Policy

The following report details how the remuneration of senior managers is determined. A 'senior manager' is defined as 'those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS Foundation Trust'. The Trust deems this to be the Executive and Non-Executive members of the Board of Directors.

The remuneration of the Chief Executive and Executive Directors (with the exception of the Medical Director*) is determined by the Board of Directors' Remuneration Committee taking into account market levels, key skills, performance and responsibilities. In reviewing remuneration, including making decisions about whether to pay the Chief Executive and any of the individual Executive Directors more than £150,000 per annum, as outlined in the guidance issued by the Cabinet Office, the Committee has regard to the Trust's overall performance, delivery of agreed objectives, remuneration benchmarking data in relation to similar NHS Foundation Trusts and the wider NHS and the individual Director's level of experience and development of the role.

*The pay, terms and conditions for the Medical Director are determined by the national Consultant Contract and the associated Medical Terms and Conditions. An additional payment is made which reflects the additional responsibilities for the role of Medical Director. The Medical Director is eligible to apply for discretionary performance-related pay under Medical Terms and Conditions.

The Trust's overarching approach to remuneration is designed to ensure that senior managers' remuneration supports its strategy and business objectives. The approach has been developed to support the provision of high quality services for patients through its strategic aim of delivering an outstanding experience for every patient, financial stability and improved service performance. The Trust is mindful of a broad range of factors in setting this approach including the equality, diversity and inclusion agenda.

The Trust's remuneration principles are that rewards to senior managers should enable the Trust to:

- Attract, motivate and retain senior managers with the necessary abilities to manage and develop the Trust's activities fully for the benefit of patients
- Align remuneration with objectives that match the long term interests of the Trust
- Drive appropriate behaviours in line with the Trust's values
- Focus senior managers on the business aims and appraise them against challenging objectives
- Comply with the Public Sector Equality Duty under the Equality Act 2010, our compliance with equality and diversity requirements of the NHS Constitution and Care Quality Commission and meet the standards set within the Trust Equality, Diversity and Inclusion Policy.

Future Policy Table

Element of pay (Component)	How component supports short and long term strategic objective/goal of the Trust	Operation of the component	Performance metric used and time period
Basic salary	Provides a stable basis for recruitment and retention, taking into account the Trust's position in the labour market and a need for a consistent approach to leadership. Stability, experience, reputation and widespread knowledge of local needs and requirements supports the Trust's short term strategic objectives outlined in its annual priorities and its long term strategic goals of: Local Services - meeting the needs of the local population by developing new and improved ways of working which always put patients at the centre of all we do Specialist Services - providing innovative, high quality specialist care delivering outstanding outcomes for a wider population Innovation - promoting new and better ways of working, always looking to achieve excellence and sustainability in how our services are delivered making a positive contribution to the financial position of the Trust Care - treating our patients, and their families, with care, kindness and compassion and keep them safe from avoidable harm People - making the Trust an outstanding place to work where everyone feels valued, supported and engaged and are able to develop as individuals and as teams	Individual pay point is set within a pre designed pay band which has a minimum and maximum limit. (See salary scales at the end of the Future Policies table which sets out the rates payable). Please note that this does not include additional payments over and above the role such as clinical duties, Clinical Excellence Awards. Total remuneration can be found in the Remuneration tables in the Annual Report on Remuneration. Initial positioning on this pay band is based on experience and benchmarked against the NHSI Guidance for pay for very senior managers.	Pay is reviewed annually in relation to individual performance based on agreed objectives set out prior to the start of that financial year which runs between 1 April and 31 March.

	Resources - making best use of our resources to achieve a financially sustainable future, securing the best outcomes within available resources		
Benefits	Benefits in kind relate to either the provision of a car, training or additional pension contributions. Salary for Executive Directors includes any amount received (See Basic salary on how this component supports short and long term strategic objective/goal of the Trust)	(See above)	(see above)
Pension	Provides a solid basis for recruitment and retention of top leaders in sector. Supports the Trust's short term strategic objectives outlined in its annual priorities and its long term strategic goals stated in the basic salary component.	Contributions within the relevant NHS Pension Scheme	Contribution rates are set by the NHS Pension Scheme
Bonus	N/A	N/A	N/A
Fees	N/A	N/A	N/A

The components above apply generally to all Executives and there are no particular arrangements that are specific to an individual Executive Director. The Remuneration Committee adopts the principles of the Agenda for Change framework when considering Executive Director's pay. However, unlike Agenda for Change, there is no automatic salary progression within the salary scale, even if individual directors meet their annual objectives.

The performance measures were chosen to reflect the Trust's adopted values and its strategic goals form the basis for Directors' objectives. Objectives for each Executive is set at the start of the financial year in order to deliver the strategic intentions (longer term) and the operational plans (short to medium term). These SMART objectives are the performance measures for the individual Executives. The objectives / performance measures are reviewed during the year and progress recorded.

There is no specific minimum level of performance that affects the payment and no further levels of performance which would result in additional amounts being paid. There is no specific provision for the recovery of sums paid to directors or for withholding the payment of sums to senior managers that relate to their basic salary. However, the Remuneration Committee in respect of the Executive Directors and the Council of Governors for the Non-Executive Directors does have the authority to decide on whether any pay increase should be awarded each year based on performance.

No Executive Directors have been released to undertake other paid work elsewhere.
Where an individual Director is paid more than the Prime Minister, the Trust has taken steps to assure itself that remuneration is set at a competitive rate in relation to other similar NHS Foundation Trusts and that this rate enables the Trust to attract, motivate and retain senior managers with the necessary abilities to manage and develop the Trust's activities fully for the benefit of patients. This has been benchmarked against the NHSI guidance for pay for very senior managers.

Remuneration of Non-Executive Directors

Element of pay (Component)	How component supports short and long term strategic objective of the Trust	Operation of the component	Performance metric used and time period
Basic salary	The pay level reflects the part time nature of the role. It is set at a level that gives recognition for the post holder's commitment and responsibility of the role. Supports the Trust's short and long term strategic objectives outlined in its annual priorities and its long term strategic goals of: Local Services - meeting the needs of the local population by developing new and improved ways of working which always put patients at the centre of all we do Specialist Services - providing innovative, high quality specialist care delivering outstanding outcomes for a wider population Innovation - promoting new and better ways of working, always looking to achieve excellence and sustainability in how our services are delivered making a positive contribution to the financial position of the Trust Care - treating our patients, and their families, with care, kindness and compassion and keep them safe from avoidable harm People - making the Trust an outstanding place to work where everyone feels valued, supported and engaged and are able to develop as individuals and as teams Resources - making best use of our resources to achieve a financially sustainable future, securing the best outcomes within available resources	It is one single pay point based on research of NHS pay for Non-Executive Directors in other NHS Foundation Trusts	The pay level is reviewed annually by the Council of Governors, advised by the Performance Committee
Benefits	N/A	N/A	N/A
Pension	N/A	N/A	N/A
Bonus	N/A	N/A	N/A
*Fees	N/A	N/A	N/A

*Non-Executive Directors Fees: Responsibility for setting the terms and conditions for the Chairman and Non-Executive Directors lies with the Council of Governors. The policy on remuneration is that the Non-Executive Directors are paid a basic salary (see Salary Scales). No additional duties which require a fee are carried out by the Non-Executive Directors.

Statement of consideration of employment conditions elsewhere in the Trust

While the Trust did not consult with employees on the remuneration policy regarding senior managers, it did take into account the national pay and conditions on NHS employees.

Responsibility for setting the terms and conditions of appointment for Non-Executive Directors rests with the Council of Governors, which is advised by the Performance Committee and takes into account remuneration in other NHS organisations by reviewing available national comparisons in NHS Employers information. This was determined when the Trust was authorised, on the basis of independent advice. Please note that no additional fees are paid to the Chairman and the Non Executives Directors, other than travel and subsistence costs incurred.

Annual Report on Remuneration

Service contracts obligations

None of the current substantive Executive Directors are subject to an employment contract that stipulates a length of appointment. The appointment of the Chief Executive is made by the Non-Executive Directors and approved by the Council of Governors. The Chief Executive and Executive Directors have a permanent employment contract and the contract can be terminated by either party with six months' notice. The contract is subject to normal employment legislation. Executive Directors are appointed by a committee consisting of the Chairman, Chief Executive and Non-Executive Directors.

There are no specific obligations on Salisbury NHS Foundation Trust that impact on remuneration payments or payments for loss of office that are not disclosed elsewhere within the Remuneration Report.

The Service Contract for Non-Executive Directors is not an employment contract. Non-Executive Directors are appointed for an initial term of up to four years and are eligible for a further term of up to four years. The Council of Governors is responsible for appointing, suspending and dismissing the Chairman and Non-Executive Directors as set out in the Trust's Constitution.

Name	Role	Current term of office	Notice Period
Nick Marsden	Chairman	Commenced December 2016	3 months
Rakhee Aggarwal	Non-Executive Director	Commenced January 2020	3 months
Tania Baker	Non-Executive Director	Commenced June 2016	3 months
Michael von Bertele	Non-Executive Director	Commenced November 2016	3 months
David Buckle	Non-Executive Director	Commenced January 2020	3 months
Rachel Credidio	Non-Executive Director	Commenced March 2018	3 months
Margaret (Eiri) Jones	Non-Executive Director	Commenced November 2019	3 months
Paul Kemp	Non-Executive Director	Commenced February 2018	3 months
Paul Miller	Non-Executive Director	Commenced March 2018	3 months
Jane Reid	Non-Executive Director	Commenced September 2016	(Left November

			2019)
Cara Charles-Barks	Chief Executive	Commenced February 2017	6 months
Christine Blanshard	Medical Director	Commenced September 2011	6 months
Paul Hargreaves	Director of OD & People	Commenced July 2017	(Left September 2019)
Lynn Lane	Interim Director of OD & People	Commenced October 2019	3 months
Andy Hyett	Chief Operating Officer	Commenced April 2015	6 months
Lisa Thomas	Director of Finance	Commenced September 2017	6 months
Lorna Wilkinson	Director of Nursing	Commenced August 2014	6 months

The remuneration and expenses for the Trust Chairman and non-executive directors are determined by the Council of Governors, taking account of any National guidance.

Remuneration Committee

The Remuneration Committee decides the pay, allowances and other terms and conditions of the Executive Directors. The Trust's Chairman is chair of the Remuneration Committee and all non-Executive Directors are members of the committee.

The Remuneration Committee reviews the salaries and where relevant, the individual reward packages of the Executive Directors. Most other staff within the NHS have contracts based on Agenda for Change national terms and conditions, which is the single pay system in operation in the NHS. Doctors, dentists, very senior managers and directors have separate terms and conditions. Pay circulars inform of changes to pay and terms and conditions for medical and dental staff, doctors in public health medicine and the community health service, along with staff covered by Agenda for Change. The Trust follows these nationally set pay polices in negotiating with Trade Unions on areas of local discretion.

Name	Role	Attendance from three meetings
Nick Marsden	Chairman	3 of 3
Rakhee Aggarwal	Non-Executive Director	1 of 1
Tania Baker	Non-Executive Director	3 of 3
Michael von Bertele	Non-Executive Director	3 of 3
David Buckle	Non-Executive Director	1 of 1
Rachel Credidio	Non-Executive Director	0 of 3
Margaret (Eiri) Jones	Non-Executive Director	2 of 2
Paul Kemp	Non-Executive Director	3 of 3
Paul Miller	Non-Executive Director	2 of 3
Jane Reid	Non-Executive Director	0 of 1 (Left November 2019)

External advice is not routinely provided to the Remuneration Committee. However, the Chief Executive, Director of Organisational Development and People and the Director of Corporate Governance attend and provide internal advice to the committee.

Disclosures in accordance with the Health and Social Care Act

Expenses for Senior Managers and Governors

Year	Number of Directors in Office	Number of Directors Reimbursed	Amount Reimbursed to Directors	Number of Elected Governors in Office	Number of Elected Governors Reimbursed	Amount Reimbursed to Elected Governors
2018/2019	14	7	£5,500	21	5	£2,775
2019/2020	17	10	£12,677	18	6	£2,579
Expenses incurred during the course of their duties relate to travel, accommodation and subsistence. Directors include those who were in post in an interim capacity during the year						

Salary and Pension Entitlement

Remuneration 1 April 2019 – 31 March 2020						
	Salary and fees (Bands of £5,000) £000	**Taxable Benefits Rounded to the nearest £100**	**Annual Performance Related Bonus (Bands of £5,000) £000**	**Long term Performance Related Bonus (Bands of £5,000) £000**	**Pension Related Benefits (Bands of £2,500) £000**	**Total (Bands of £5,000) £000**
Cara Charles-Barks Chief Executive	185-190	0	0	0	47.5-50	235-240
Rakhee Aggarwal Non-Executive	0-5	0	0	0	0	0-5
Tania Baker Non-Executive	15-20	0	0	0	0	15-20
Michael von Bertele Non-Executive	10-15	0	0	0	0	10-15
Christine Blanshard Medical Director	175-180	0	0	0	27.5-30	205-210
David Buckle Non-Executive	0-5	0	0	0	0	0-5
Rachel Credidio Non-Executive	10-15	0	0	0	0	10-15
Paul Hargreaves Director of OD & People	45-50	0	0	0	7.5-10	55-60
Andy Hyett Chief Operating Officer	115-120	0	0	0	12.5-15	130-135
Margaret Jones Non-Executive	5-10	0	0	0	0	5-10
Paul Kemp Non-Executive	10-15	0	0	0	0	10-15
Lynn Lane Interim Director of OD & People	50-55	0	0	0	0	50-55
Nick Marsden Chairman	40-45	0	0	0	0	40-45
Paul Miller Non-Executive	10-15	0	0	0	0	10-15
Jane Reid	5-10	0	0	0	0	5-10

Non-Executive						
Lisa Thomas Director of Finance	125-130	0	0	0	45-47.5	170-175
Lorna Wilkinson Director of Nursing	120-125	0	0	0	47.5-50	170-175

The amount shown above for Christine Blanshard, Medical Director, represents her total salary and any remuneration received from her clinical role. No other member above received remuneration for additional duties. No remuneration was received from another body and no severance payments were made within the year.

There were no taxable benefits paid to Directors in the year. Salary for Executive Directors includes any amount received for car allowance.

There is no additional benefit that will become receivable by a director in the event that that senior manager retires early.

Paul Hargreaves left his post as Director of OD & People on 29 September 2019 and Lynn Lane started as interim Director of OD & People on 7 October 2019
Jane Reid left her post as Non-Executive Director on 30 November 2019 and Margaret (Eiri) Jones started as Non-Executive Director on 11 November 2019. Rakhee Aggarwal and David Buckle also started as Non-Executive Directors on the 5 and 27 January 2020 respectively.

This table is subject to audit

Remuneration 1 April 2018 – 31 March 2019						
	Salary and fees **(Bands of £5,000)** **£000**	**Taxable Benefits Rounded to the nearest £100**	**Annual Performance Related Bonus** **(Bands of £5,000)** **£000**	**Long term Performance Related Bonus** **(Bands of £5,000)** **£000**	**Pension Related Benefits** **(Bands of £2,500)** **£000**	**Total** **(Bands of £5,000)** **£000**
Cara Charles-Barks Chief Executive	175-180	0	0	0	77.5-80	255-260
Tania Baker Non-Executive	15-20	0	0	0	0	10-15
Michael von Bertele Non-Executive	10-15	0	0	0	0	10-15
Christine Blanshard Medical Director	170-175	0	0	0	0	170-175
Rachel Credidio Non-Executive	10-15	0	0	0	0	10-15
Paul Hargreaves Director of OD & People	95-100	0	0	0	20-22.5	115-120
Andy Hyett Chief Operating Officer	115-120	0	0	0	35-37.5	155-160
Paul Kemp Non-Executive	10-15	0	0	0	0	10-15
Michael Marsh Non-Executive	10-15	0	0	0	0	10-15
Nick Marsden Chairman	40-45	0	0	0	0	40-45
Paul Miller	10-15	0	0	0	0	10-15

Non-Executive						
Jane Reid Non-Executive	10-15	0	0	0	0	10-15
Lisa Thomas Director of Finance	120-125	0	0	0	47.5-50	165-170
Lorna Wilkinson Director of Nursing	110-115	0	0	0	67.5-70	180-185

The amount shown above for Christine Blanshard, Medical Director, represents her total salary and any remuneration received from her clinical role. No other member above received remuneration for additional duties. No remuneration was received from another body and no severance payments were made within the year.

There were no taxable benefits paid to Directors in the year. Salary for Executive Directors includes any amount received for car allowance.

Michael Marsh left his post as Non-Executive Director on 31 December 2018.

Pension Benefits 1 April 2019 – 31 March 2020

	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 and related lump sum 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 at 31 March 2020 £000**	**Real increase in Cash equivalent Transfer Value £000**	**Cash Equivalent Transfer Value at 1 April 2019 £000**	**Employers contribution to Stakeholder pension To nearest £100**
Cara Charles-Barks	2.5-5	0	75-80	45-50	469	17	417	0
Christine Blanshard	0-2.5	2.5-5	310-315	230-235	1,874	43	1,764	0
Paul Hargreaves	0-2.5	0	95-100	65-70	578	13	546	0
Andy Hyett	0-2.5	0	140-145	95-100	731	0	703	0
Lisa Thomas	0-2.5	0-2.5	100-105	70-75	495	18	448	0
Lorna Wilkinson	0-2.5	5-7.5	165-170	125-130	875	51	790	0
Lynn Lane	0	0	0	0	0	0	0	700

Lynn Lane was not a current member of the NHS pension Scheme and so no additional benefits accrued to her in the year under this scheme.

This table is subject to audit

Notes to Remuneration and Pension Tables

As Non-Executive directors do not receive pensionable remuneration, there are no entries in respect of any pensions.

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

Real Increase in CETV

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).

Median Remuneration that Relates to the Workforce (Including Fair Pay Multiple) – these figures are subject to audit

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest paid director in the financial year 2019/2020 was £190,000 (£180,000 in 2018/2019). This was 7.2 times (6.6 times (2018/2019) the median remuneration of the workforce, which was £26,200 (£26,600 in 2018/2019). The Trust's median remuneration reduced in 2019-20 compared with the previous year. This resulted from the changes to the national Agenda for Change pay scales whereby newly recruited staff within the median pay band serve a number of years before receiving an actual salary increase (increment). Due to a targeted recruitment campaign, the Trust has identified approximately 100 additional staff on this band who are now below the median compared with the previous year.

In 2019/2020, three employees (two in 2018/19) received remuneration in excess of the highest paid director. Remuneration ranged from £13,300 to £197,000 (£13,100 to £202,000 in 2018/19). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Payments for loss of office

There were no payments made to senior managers for loss of office in 2019/2020 or 2018/19.

Payments to past senior managers

None to report in 2019/2020.

The Remuneration Report has been approved by the Trust Board

Cara Charles-Barks
Chief Executive (Accounting Officer
22 June 2020

STAFF REPORT

Analysis of average staff costs (subject to audit)

	Total 2019/2020 £000	Permanently employed Total £000	Other Total £000
Salaries and wages	**127,620**	127,620	0
Social security costs	**12,149**	12,149	0
Pension cost- defined contribution plans employer's contributions to NHS pensions	**14,860**	14,860	0
Paid by NHSE on provider's behalf (6.3%)	**6,436**	6,436	
Pension cost - other	**37**	37	0
Temporary staff/agency contract staff	**6,635**	0	6,635
Apprenticeship levy	**619**	619	0
TOTAL STAFF COSTS	**168,356**	161,721	0
Less: Costs capitalised as part of assets	**(360)**	(360)	0
TOTAL STAFF COSTS IN OPERATING EXPENDITURE	**167,996**	161,361	6,635

Analysis of average staff numbers (subject to audit)

	Total 2019/2020 number	Permanently employed 2019/2020 number	Other 2019/2020 number	Total 2018/19 number	Permanently employed 2018/19 number	Other 2018/19 number
Medical and Dental	413	405	8	400	392	8
Administration and Estates	1,103	1,044	59	1,078	1,007	71
Healthcare assistants and other support staff	699	693	6	671	662	9
Nursing, midwifery & health visiting staff	942	919	23	885	834	51
Scientific, therapeutic and technical staff	441	424	17	435	419	16
Total	3,598	3,485	113	3,469	3,314	155

The figure shown under the other column relates to other staff engaged on the objectives of the organisation such as, short term contract staff, agency/temporary staff, locally engaged staff overseas and inward secondments where the organisation is paying the whole or the majority of their costs.

The comparative numbers have been restated to bring them in line with the occupation codes within the electronic staff record, the NHS human resource and payroll database system.

The number of male and female directors, senior managers and employees at 31 March 2019

Head Count	Female	Male	Total
Directors	9	6	15
***Senior managers**	5	3	8
All other staff	3,711	1,085	4,796

**Senior managers are defined as members of the Trust Management Committee which provides a forum for the Chief Executive, supported by the Executive Directors and Clinical Directors, to advise on the strategic direction of the Trust and the Trust's involvement in the wider health economy. Senior managers in this context includes members of the Trust Management Committee who are not included in the two remaining groups.*

Sickness Absence

Between April 2019 and March 2020 the Trust has seen an increase in sickness absence levels from 23,812 days lost in 2018/19, to 28,424 in 2019/2020.

It is our aim to reduce sickness absence to our KPI stretch target of 3%. During 2019/2020 absence levels increased above the previous year's level of 3.40% to 4.02% due to a spike in both short and in particular long term cases over the autumn/winter period. Within this figure, 1.80% related to short term absence whilst long term absence accounts for 2.22 % in total; although 32% of our staff recorded no sickness absence. We also saw significant absence in March 2020 due to COVID-19.

The Trust has procedures in place to manage short term and long term sickness absence. For frequent short term absence a trigger tool is used to help managers set a target for improvement. For long term absences where there is a single underlying cause, staff are referred to Occupational Health and absence is reviewed on a regular basis, providing support and giving due consideration to re-deployment, reasonable adjustments (in the case of disability) and phased return to work.

In addition to the above a dashboard is produced monthly which details absence data by ward/department. This includes the number of episodes of sickness absence, enabling managers to identify those areas where additional intervention and support is required. Data is also shared with Staff Side organisations on a regular basis.

Salisbury NHS Foundation Trust also offers an Employee Assistance Programme which offers confidential support to staff both on line and via the phone. This service is available 24/7 and complements both existing on site counselling and psychological support services. This is in addition to a number of Wellbeing initiatives that take place each month across the year. Staff are also supported through an in house Physiotherapy Service.

Policies

All the Trust policies are time-limited, to comply with the principles of good governance, and require a periodic review to ensure compliance with current employment legislation, good employment practice and being 'fit for purpose'. The intervals of review will vary from 6 months to three years, depending upon the subject matter and the employment landscape at the time of the review.

Employment policies are all subject to consultation with staff which occurs regularly through the Joint Consultative Committee (JCC) for those covered by Agenda for Change terms and conditions and via the Joint Local Negotiating Committee (JLNC) for those employees covered by medical terms and conditions.

We are currently in the process of going out to consultation, as part of the review process, on the equality, diversity and inclusion policy. This policy will be invaluable in supporting the work of the various Diversity Groups in the Trust which this year have been expanded to include a group for EU staff.

Other policies which have been reviewed and revised this year include:

- Assistance with Relocation
- Performance Appraisal
- Stress
- Pets and Animals in the Healthcare setting (new)
- Fast Track Access to Healthcare
- Annual Leave
- Special Leave
- Organisational Change

All of the Trust policies, including those concerning counter fraud and corruption, are authorised via the Operational Management Board or the Trust Management Committee and employees are signposted to them appropriately, via the new central microguide system.

Health and Safety

The Health and Safety function is supported by a Committee, including representatives from every area of the Trust and staff side organisations, which meets regularly and disseminates policy and information to the wider Trust. This Committee also has responsibility for other sub-Committees for specific areas for example Fire Safety, Waste and Radiation Protection. The Committee is responsible for monitoring risk and maintaining appropriate records.

Health and Safety is part of a wider Health and Wellbeing function which encompasses the Occupational Health and the Chaplaincy teams. During 2019/2020, we created a Health and Wellbeing Strategy which is due to be relaunched and embedded during 2020/2021.

As a matter of routine, the Health and Safety function provides training at induction for all new starters in the Trust, so that everyone is aware of their responsibilities in respect of protecting their own and colleagues health and safety. Additionally, the team also provides training and 1:1 support as necessary for managers undertaking risk assessments which can be quite technical and/or complex.

More recently, the Health and Safety Manager has been engaged in providing expert advice to clinical colleagues in relation to PPE, especially face masks, in relation to testing the proper fit in order to provide maximum protection from airborne infection. This is called “fit testing”.

The Health and Safety Department, as part of its responsibility to manage risk, facilitates an annual audit system that is conducted by clinical and non-clinical areas. This covers the full range of Health and Safety topics at a corporate level and during 2019/2020 was completed by Catering, Medical Records, Speech and Language Therapy and the Spinal Unit.

Consultancy Expenditure - Off Payroll Payments

Table 1: Off-payroll engagements longer than 6 months **For all off-payroll engagements as of 31 March 2020, for more than £245 per day and that last longer than six months:**	
	Number
Number of existing engagements as of 31 March 2020	**16**
Of which, the number that have existed:	
for less than one year at the time of reporting	**10**
for between one and two years at the time of reporting	**3**
for between 2 and 3 years at the time of reporting	**2**
for between 3 and 4 years at the time of reporting	**1**
for 4 or more years at the time of reporting	**0**

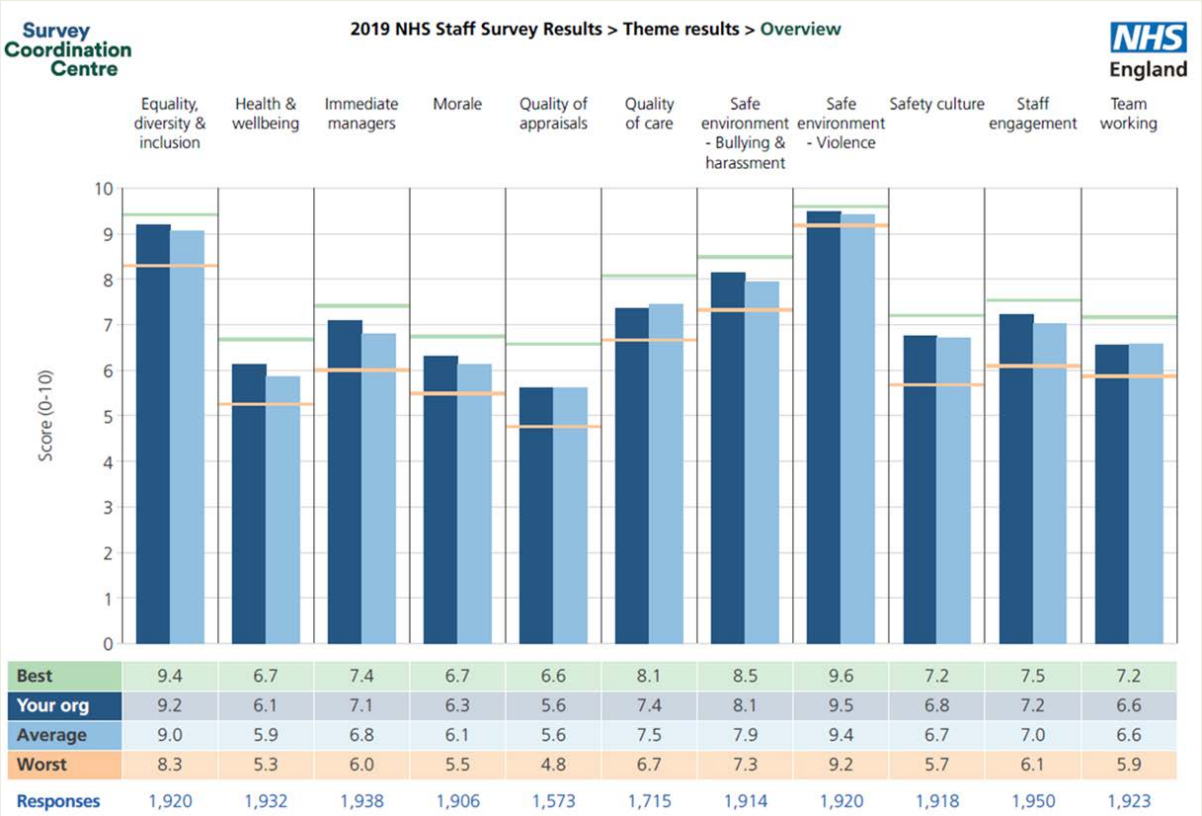
Table 2: New Off-payroll engagements **For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and March 2020, for more than £245 per day and that last for longer than six months**:	
	Number
No. of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	**22**
Of which...	
No. assessed as caught by IR35	**3**
No. assessed as not caught by IR35	**19**
No. engaged directly (via PSC contracted to the entity) and are on the entity's payroll	**6**
No. of engagements reassessed for consistency / assurance purposes during the year.	**0**
No. of engagements that saw a change to IR35 status following the consistency review	**0**

Table 3: Off-payroll board member/senior official engagements For any off-payroll 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 officers with significant financial responsibility, during the financial year (1)	**0**
Total number of individuals on payroll and off-payroll that have been deemed 'board members, and/or, senior officials with significant financial responsibility', during the financial year. This figure must include both on payroll and off-payroll engagements. (2)	**17**

Staff Survey

For the 2019 Survey, the Trust achieved a 54% response rate, the best Trust response rate to date, and comparing very favourably with 39% for the 2018 Survey. By comparison the median response rate for all Acute Trusts in 2019 was 47%.

For 2019 the Survey results were grouped into eleven key themes:



- Equality Diversity and Inclusion (our score was Above Average)
- Health and Wellbeing (our score was Above Average)
- Immediate Managers (our score was Above Average)
- Morale (our score was Above Average)
- Quality of Appraisals (our score was Average)
- Quality of Care (our score was Below Average)
- Safe Environment, Bullying and Harassment (our score was Above Average)
- Safe Environment, Violence (our score was Above Average)
- Safety Culture (our score was Above Average)
- Staff Engagement (our score was Above Average)
- Team Working (our score was Average)

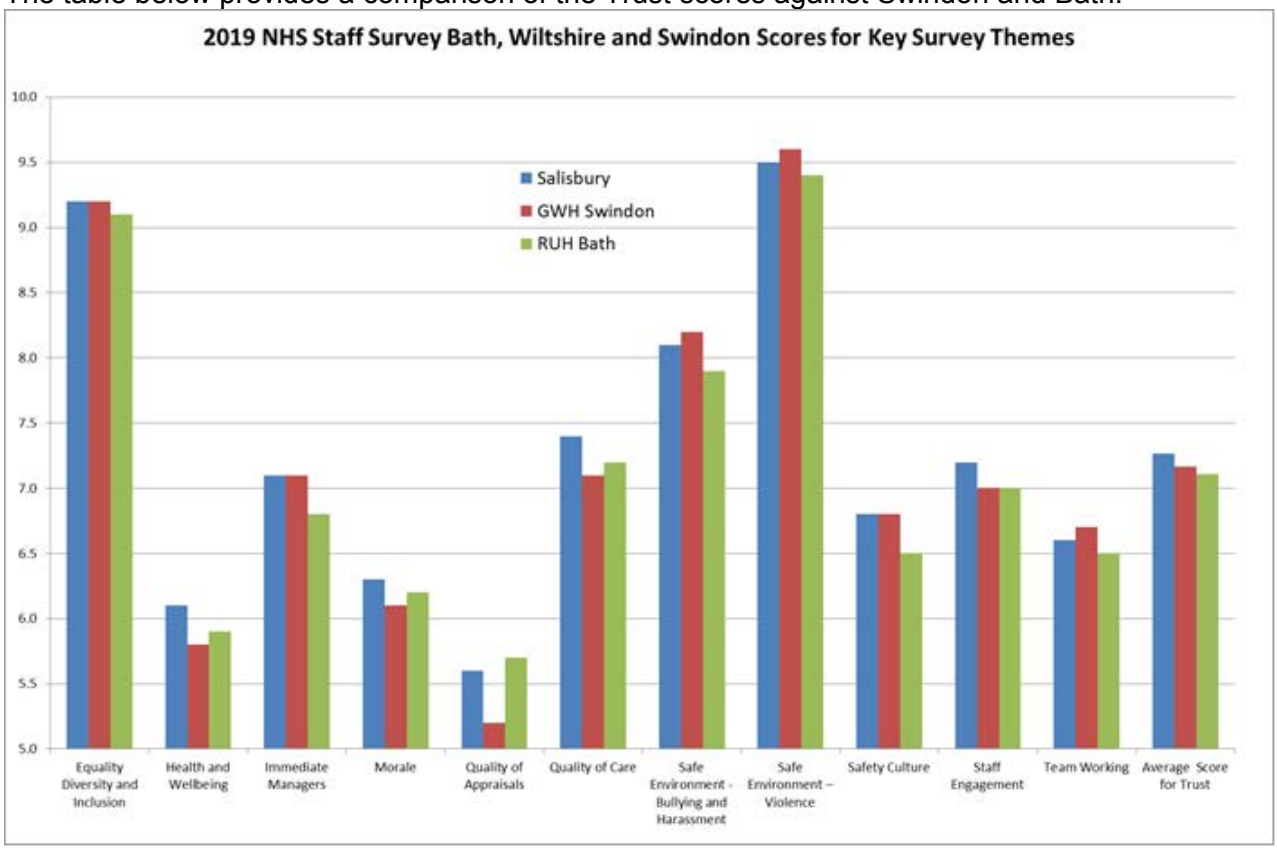
The Trust score was above the national average for eight of the eleven key survey themes. In 2018 the Trust was above average for eight of ten themes; Team Working was a new theme in this year's survey. For several of the themes, as can be seen in the overview chart on the previous page, the Trust is close to the best national figure. We will be aiming for further improvement in these areas so that the results are even better this year.

There were no overall deteriorations in our scores, although the Trust Score was average for two themes and below average for one theme, Quality of Care, which had also received a below average score last year.

There has been much discussion about the reasons for this which could be skewed by Corporate responses from individuals who do not necessarily see the connection between their roles and patient care. We are planning to do an education programme around this particular issue, perhaps linked to focus groups and other organisational development activity.

This will dovetail in a very positive way with our implementation of the NHS People Plan and the suite of activities that we are planning to mobilise throughout 2020/2021 to change the culture, introduce compassionate leadership, and make Salisbury NHS Foundation Trust the "Best Place to Work".

The table below provides a comparison of the Trust scores against Swindon and Bath.



Areas for Action

The following themes where the Trust score was average, or below average for similar Trusts, were identified as areas for action:

- Quality of Care, (0.1 point below average and 0.1 point improvement compared to last year)
- Team Working (Same score as average, same score as last year)
- Quality of appraisals (same score as average, 0.1 point higher than last year)

We are in the process of presenting the survey results to, and gaining feedback from:

- Senior Leaders Forum

- Staff Engagement Group
- All Diversity Groups
- Joint Consultative Committees
- Directorate Management Teams

The Trust will create a plan from the feedback, which is intended to be no more than two visible and tangible actions for each of the three areas of concern. This plan will then be sent out for consultation and further development across all the above groups and Executive Directors. Implementation will be planned to coincide with other Trust improvement activities into a coherent programme.

Equality, Diversity & Inclusion (ED&I)

The Trust recognises that delivering on equality, diversity and inclusion is a key driver to achieving the Trust's overall strategic aims. It gives a real opportunity to place people at the centre of the work the Trust undertakes, recognising how respecting and valuing the diversity of patients, their relatives and carers, and staff helps to provide high quality care whilst meeting the needs and expectations of the diverse communities we serve.

The Trust have an executive lead for equality and diversity, and non-executive chair of the Equality, Diversity and Inclusion steering group which ensures visibility of key issues and accountability at board level. In September 2019, the Trust Board took the opportunity to participate in the EDI and Freedom To Speak Up (FTSU) workshop as part of a broader board development programme. In addition they have agreed to pilot a Reverse Mentoring programme with BAME staff.

The Trust is fully committed to engaging and involving all our staff to ensure that they have the appropriate skills to understand some of the causes and employment inequalities of protected groups through ensuring that ED&I training is mandatory for all staff.

The Trust is fully committed to meeting its requirements of the Equality Act 2010. The Equality Report 2019 covers the progress made on our equality journey over the past twelve months. The report also contains references to a number of other reports which the Trust is required to produce each year:

- The Gender Pay Gap Report 2019
- The Workforce Race Equality Standard Report 2019
- The Workforce Disability Equality Standard Report 2019

These reports provide a detailed analysis of the data supplied by the Trust to the national programmes and details a number of future influencing factors which will have an effect of the Trusts approach to equality, diversity and inclusion over the next twelve months.

The Trust does not currently record the Sexual Orientation of its patients. This is partly due to the fact that the Trust did not implement the national voluntary Sexual Monitoring Programme. This is currently being reviewed on a national basis. The Trust will be considering this within the review of the Equality Monitoring Policy.

Achievements 2019/2020

Supporting Trust members through EDI networks

The Head of EDI has worked together with Diversity Champions to support the development of appropriate networks:

- The BAME Forum meets on a monthly basis and has identified a number of BAME Diversity Champions to represent it on the EDI committee. The forum arranged a number of events for Black History Month (October 2019) and has supported new overseas recruits.

- The Rainbow Shed Network has continued to work on issues affecting our LGBT staff and assisted in recruiting a number of LGBT Allies. The allies celebrated LGBT History Month (February 2020) with members of the Trust Board and partner organisations across the area, including representatives from the Army, Police, Wiltshire Council, Salisbury City Council (including the Mayor), Salisbury Cathedral and Salisbury Pride Committee.

- The Trust has a number of Disability Diversity Champions who it is supporting to formally become a network.

- In June 2019 the Trust Women's network was launched. This network will be a key partner in developing the Trust's response to the Gender Pay Gap Report.

- The Trust has two EU Diversity Champions, who provided support to EU staff during the lead up to Brexit. The champions actively raised awareness and supported staff with applications to the Government's settled status programme.

Re-establishment of the EDI Steering group

The EDI Steering group was relaunched in July this year with a workshop which was open to all staff. This group will provide a formal opportunity for issues raised throughout the ED&I network to be addressed.

VIP visit to the Trust

Lord Victor Adebowale, the Chief Executive of Turning Point, visited the trust. He met the Chief Executive and Chairman and held a 'town-hall' style meeting with staff. He also visited our critical care services and met with diversity, equality and inclusion champions.

Training and development

The Trust has developed and delivered a series of training and awareness sessions throughout the year to improve outcomes for diverse groups. During 2019/2020 this reached over 1000 staff. These are being reviewed to ensure staff have access to the right range of courses and interventions to support both the EDI agenda and Freedom to Speak Up programme.

Freedom to Speak Up Guardian

National work

The Trust's Freedom to Speak Up Guardian has attended and completed a 12 month facilitated supervision and action learning set with the Central London Freedom to Speak Up Guardians. The group of Guardians have worked together to identify what helps and hinders the effectiveness of Guardians, in particular the key relationships with the Executive Team. These learnings have been shared with other Trusts.

Regional work

The FTSUG attends regional network meetings to actively drive the FTSU agenda forward. The South West Regional Integration and Development Event held in March 2020 focussed on how Guardians can support and be vanguards for Primary Care colleagues. Recent discussions with Primary Care colleagues have taken place and will result in a proposal for the Trust to provide FTSU services by the end of 2020.

The FTSUG met with the regional CQC inspector to provide a progress update since the Trust's last CQC inspection on the delivery of the FTSU Action Plan. The Trust received excellent feedback and the CQC have raised no concerns.

Local work

The FTSUG actively promotes the role of FTSU and collaborates with many teams across the Trust to support staff to speak up and to help develop an open culture.

During the past 12 months there have been over 1,200 face to face interactions through Trust induction, volunteer induction, workshops and training at departmental meetings. This included a training workshop with the Executive and Non-Executive Teams and the Governors.

Regular meetings are held with People Business Partners, Risk, PALS, Litigation, Clinical Psychology, Staff Side, Counter Fraud, Chaplaincy, Guardian of Safe Working, Chief Registrar, Executives and Non-Executives and protected groups such as the BAME forum. The FTSUG is also a member of the Leadership Forum and supports the NHSI Culture and Leadership Programme.

As a result of increased collaboration and promotion of the role of the FTSUG, concerns raised to the FTSUG has increased significantly from 21 cases in 2018/2019 to 85 cases in 2019/2020. Where issues are complex, external investigations commissioned by the Executive Team have taken place.

Apprenticeships

The Trust Apprenticeship Programme increased significantly in the last year. Increasing the effectiveness of joint procurement across BSW STP has ensured that the Trust have been able to access the most appropriate apprenticeships for its staff and has resulted in a considerable increase in the number and range of apprenticeships available. The Trust now has apprenticeships available and are utilising them across all educational levels. The Trust is working with 13 different training providers to deliver 19 different apprenticeships, with many more available to use when required.

Awareness of apprenticeships as a source of staff development has increased the uptake internally and the Trust is also increasingly seeing apprentices being recruited into vacancies as part of its workforce development plans.

The Trust is pleased to have been one of the first trusts in the area to support the Operating Departmental Practitioner Apprenticeship, when it became available later in 2020 as well as recruiting two cohorts of Nursing Associates. The Trust has apprenticeships available to staff and has started two cohorts of Senior Leader Apprenticeships and the first cohort Advanced Clinical Practitioners.

	April 18- March 19	April 19- March 20
Number of apprentices	29	84
Number of training providers	6	13
Current Funds	£1,017,848	£1,207,780.00
Total Spent so Far	£81,944	£407,238.17
% of monthly payment spent	19%	48% (based on Feb figures due to error payment in March)
	Apprenticeships in progress	
	Assistant Accountant	Advanced Clinical Practitioner
	Business Administrator	Assistant Accountant
	Chartered Manager Degree	Associate Project Manager

	Healthcare Assistant Practitioner	Business Administrator
	Infrastructure Technician Level 3	Chartered Manager Degree
	Senior Healthcare Support Worker	Commercial Procurement and Supply
	Team Leader/Supervisor	Engineering Technician Maintenance
		Health Pharmacy Services
		Healthcare Assistant Practitioner
		Healthcare Science Associate
		Healthcare Science Practitioner
		Healthcare Support Worker
		Maintenance and Operation Engineering Technician
		Nursing Associate
		Operating Departmental Practitioner
		Operational/Departmental Manager
		Senior Healthcare Support Worker
		Senior Leader
		Team Leader/Supervisor

Leadership and Development

The leadership development offer at the Trust has been significantly improved this year to include:

Coach to lead	Highly regarded programme delivering within SFT, accredited with the NHS Leadership Academy
Personal 1:1 coaching	Established network of accredited coaches in place.
Appraisals	Short course upskilling managers to conduct high quality appraisal conversations.
Clinical Leadership Programme	Bespoke two day programme for senior clinical leaders (clinical leads, heads of profession etc.).
Bi-monthly leadership forum	Masterclasses on a range of topics, sessions sponsored by executives.
Monthly line manager's breakfast/ support sessions	Varied topics presented and discussed to support line managers.
Leadership Academy Development programmes and masterclasses	National and regional opportunities available for staff to access, (some national offers are restricted due to cost).

A Head of Learning and Leadership Development has been recruited to lead the agenda for 2020/2021 with an ambitious suite of leadership development programmes.

Staff Exit Packages

Staff exit packages include those made under nationally agreed arrangements or local arrangements for which Treasury approval is required. This does not include retirements due to ill health. Figures for 2019/2020 are included in this table. The 2018/2019 figure is in brackets.

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Under £10,000	(1)0	(1)4	(2)4
£10,000 - £25,000	(0)0	(2)1	(2)1
£25,001 – £50,000	(0)0	(0)0	(0)0
£50,001 - £100,000	(0) 0	(0)0	(0)0
£100,001 - £150,000	(0)0	(0)0	(0)0
£150,001 - £200,000	(0)0	(0)0	(0)0
Total number of exit packages by type	(1) 0	(3)5	(4)5
Total resource cost	(£3,000)0	(£34,000) £24,000	(£37,000) £24,000

This table is subject to audit.

The other departures shown above relate to contractual payments in lieu of notice.

Trade Union Facility Time Disclosures

Since April 2017, public sector organisations are required to report on trade union facility time.

Table 1 - Relevant Union Officials

Number of employees who were union reps	27
FTE union reps	24.87

Table 2 - Percentage of time spent on facility time

Percentage of time	
0%	12
0-50%	15
51-99%	0
100%	0

Table 3 - Percentage of pay bill spent on facility time

Percentage of pay bill on Facility Time	£
Total cost of facility time	20,733
Total pay bill	123,608,042
Percentage facility time	0.017%

Time spent on union activities as a percentage of total facility time hours = 0%. Trade Union activities here are all unpaid.

NHS FOUNDATION TRUST CODE OF GOVERNANCE

Disclosure Statement

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

The Board considers that for the 2019/2020 year the Trust has been fully compliant with the provisions of the Code, with the exception of paragraph A5.12. Governors of Salisbury NHS Foundation Trust are not provided with copies of the minutes of private Board meetings due to the confidential nature of the business; however, the Lead Governor is invited to the private Board meeting as an observer and provides a summary of discussion to the Council of Governors. From 2020/21 onwards the Governors will receive the private Board meeting minutes.

The Board is committed to the highest standards of good corporate governance and follows an approach that complies with this code through the arrangements that it puts in place for our governance structures, policies and processes and how it will keep them under review. These arrangements are set out in documents that include:

- The Constitution of the Trust
- Standing orders
- Standing financial instructions
- Integrated Governance Framework
- Accountability Framework
- Terms of reference for the Board of Directors, the Council of Governors and their committees
- Annual declarations of interest
- Annual Governance Statement

Council of Governors

The Trust's Governors are the representatives of members, staff, our stakeholders and public interests, and are an integral part of advising us on how best to meet the needs of patients and the wider community. Our governors have a number of statutory duties but their key role is to hold the Non-Executive Directors to account individually and collectively for the performance of the Board of Directors. Other statutory duties of the Council of Governors' role include:

- Appointing the Chairman and Non-Executive Directors
- Approving the appointment of the Chief Executive
- Deciding on the remuneration of the Chairman and Non-Executive Directors
- Receiving the Trust's Annual Accounts, Auditors Report and Annual Report
- Reviewing the Membership and Public Engagement Strategy

The Council has been placed into groups to consider various topics over which they can have an influence. In 2019/2020 these covered:

- Membership and Communications Committee
- Performance Committee (Chairman and Non-Executive Directors)
- The Trust's Annual Plan prior to submission to the regulator
- Patient Experience Group
- Self-assessment Committee
- Staff Governors Committee
- The strategic direction of the Trust

- Volunteers
- Real Time Feedback
- PLACE assessments

The Governors review their work programme and the make-up of their working groups annually. They appreciate that, statutory roles apart, their principal duties are to monitor, advise and inform. Governors are also party to discussions about elements of the Trust's strategy, when items are taken at meetings of the Trust Board and Council of Governors.

The public and staff members of the Council are elected from and by the Foundation Trust membership to serve for three years. They may stand for re-election but they may not serve for more than nine years in total.

In addition, some of the organisations we work most closely with nominate stakeholder governors. An appointed governor may hold office for three years and can be re-appointed in line with elected governors.

The representatives of public constituencies must make up at least 51% of the total number of governors on the Council of Governors.

The Council of Governors hold four meetings a year, in addition to the Annual General Meeting (AGM), and a joint meeting with the Trust Board to review the Annual Plan.

The governors canvass opinions of the members and public through their constituency meetings and at the AGM.

Elected Governors – Public Constituency

Name	Constituency	Elected or Re-elected	Term of Office	Attendance from 5 meetings
Vacant	Salisbury City	N/A	N/A	N/A
Lucinda Herklots	Salisbury City	May 2018	Three years	3 / 5
Jan Sanders	Salisbury City	May 2017	Three years	5 / 5
Sir Raymond Jack	South Wiltshire Rural	May 2018	Three years	3 / 5
Dr Alastair Lack	South Wiltshire Rural	May 2017	Three years	5 / 5
Jennifer Lisle	South Wiltshire Rural	May 2018	Three years	5 / 5
William Holmes	South Wiltshire Rural	May 2018	Three years	5 / 5
James Robertson[1]	South Wiltshire Rural	Sept 2019	Nine months	2 / 3
John Parker	North Dorset	May 2018	Three years	4 / 5
Christine Wynne	North Dorset	May 2018	Three years	2 / 5
John Mangan (Lead)	New Forest	Feb 2018	Three years	4 / 5
Vacant	Kennet	N/A	N/A	N/A
Vacant	West Wiltshire	N/A	N/A	N/A
Nicholas Sherman[1]	East Dorset	Sept 2019	One year and Nine months	2 / 3
Mary Clunie	Rest of England	Feb 2018	Three years	4 / 5

[1]James Robertson and Nicholas Sherman were elected in September 2019 as part of the Bi-election process.

Elected Governors - Staff Constituency

Name	Constituency	Elected or Re-elected	Term of Office	Attendance from 5 meetings
Jonathan Wright[2]	Clerical, Administrative and Managerial	May 2018	Three years	2 / 5
Pearl James	Volunteers	May 2018	Three years	4 / 5
Vacant	Hotel & Property Services	N/A	N/A	N/A
Jonathan Cullis	Medical & Dental	May 2018	Three years	3 / 5
Lee Phillips	Scientific, Technical & Therapeutic	May 2018	Three years	1 / 5
Jayne Sheppard	Nurses & Midwives	May 2018	Three years	2 / 5

[2]*Jonathan Wright left the Trust in February 2020*

Nominated Governors

Name	Constituency	Appointed or Re-appointed	Term of Office	Attendance from 5 meetings
Cllr Richard Clewer[3]	Wiltshire Council	June 2018	Three years	0 / 5
Chris Horwood	Wessex Community Action	April 2017	Three years	4 / 5
Vacant	Dorset CCG	N/A	N/A	N/A
Vacant	Wiltshire CCG	N/A	N/A	N/A
Jenny Erwin[4]	West Hampshire CCG	June 2018	Three years	1 / 4
Rachel King	West Hampshire CCG	January 2020	Three years	1 / 1
Vacant	Military	N/A	N/A	N/A

[3]*Richard Clewer left their position in January 2020*
[4]*Jenny Erwin left their position in November 2019*

During the year the Directors have used a variety of methods to ensure that they take account of, and understand, the views expressed by Governors and members. The Council of Governors is chaired by the Chairman and these meetings are attended by the Chief Executive, who presents a performance report and answers questions. This is an opportunity for governors to express their views and raise any other issues, so that the Chief Executive can respond.

There have been no formal requests for Director attendance at the Council of Governors meetings but it has been standard practice for the Chief Executive and Director of Nursing to attend. The Chief Operating Officer also attends when operational queries have been raised. Dependent on the agenda, other Executives attend as required.

An informal meeting is held between the Governors and the Non-Executive Directors a week after a public board meeting approximately four times a year. Executive and Non-Executive Directors also attend some of the Governor committees.

The Trust Board is aware of the work carried out by the governor committees and information is fed back to the directors. Relevant directors attend constituency meetings and the annual general meeting and answer members' questions.

In 2019/2020, the Trust Board met regularly in public and, as part of its commitment to openness, governors and members are invited by the Chairman to comment or ask questions on any issues that they may wish to raise at the end of the public session. A response is provided by the appropriate member of the Trust Board.

Public Trust Board papers are made available on the website and governors alerted so that these can be viewed prior to the meetings.

The Trust Board has invited the lead governor to attend as an observer at the private meetings of the Board and has also invited governor observers to attend the meetings of the Boards' Finance and Performance Committee; its Clinical Governance Committee and its Workforce Committee.

Register of Governor Interests

A register of interests is held in the Trust Offices. Information regarding the Governors' interests and whether they have undertaken any material transactions with Salisbury NHS Foundation Trust can be obtained by contacting:

Director of Corporate Governance,
Trust Offices,
Salisbury NHS Foundation Trust,
Salisbury
SP2 8BJ

Dispute Resolution

There are a number of mechanisms in place that allow an issue or concern to be discussed and escalated. Informally, there are meetings between the Lead Governor and the Chairman and there are regular meetings between the Governors and the Non-Executive Directors. A formal procedure is in place (see point 51, Dispute Resolution in the Trust's Constitution) should there be a dispute between the Council of Governors and Trust Board.

The Board of Directors

The Board comprises the Chairman, Chief Executive, five other Executive Directors and seven other Non-Executive Directors. There is a clear separation between the roles of the Chairman and the Chief Executive, which has been set out in writing and agreed by the Board. As Chairman, Nick Marsden has responsibility for the running of the Board, setting the agenda for the Trust and for ensuring that all Directors are fully informed of matters relevant to their roles. The Chief Executive has responsibility for implementing the strategies agreed by the Board and for managing the day to day business of the Trust.

All of the Non-Executive Directors are considered to be independent in accordance with the NHS Foundation Trust Code of Governance. The Board considers that the non-executive directors bring a wide range of business, commercial and financial knowledge required for the successful direction of the Trust.

All Directors are equally accountable for the proper management of the Trust's affairs.

All directors are subject to an annual review of their performance and contribution to the management and leadership of the Trust.

There were no commissioned external reviews of the Board during the reporting year.

The Trust has Board approved Standing Financial instructions and a Scheme of Delegation and Reservation of Powers, which outline the decisions that must be taken by the Board and the

decisions that are delegated to the management of the hospital. These documents include, but are not limited to, instructions on budgetary control, contracts and tendering procedures, capital investment and security of the Trust's property, delegated approval limits, fraud and corruption and payroll.

The Board is satisfied as to its balance, completeness and appropriateness but will keep these matters under review.

Trust Board Members

Dr Nick Marsden – Chairman (Independent)

Nick Marsden joined the Trust in January 2014. Before this he was an NHS non-executive director and vice chairman at Southampton. He has an engineering Ph.D and also commercial experience having held several senior executive roles at IBM, before becoming Senior Vice President for Service at Danka Europe.

Cara Charles–Barks – Chief Executive

ara Charles-Barks has a wide range of clinical and management experience in both the NHS and Australian healthcare systems. She qualified as a registered nurse in Australia in 1991 and, having worked in London for three years, moved back to Australia where she became a nurse consultant, then clinical practice manager and subsequently Nursing Director. She was then Deputy Chief Operating Officer in Peterborough in the UK and, before coming to Salisbury, she was Deputy Chief Executive Officer and Chief Operating Officer at Hinchingbrooke Health Care NHS Trust.

Rakhee Aggarwal – Non-Executive Director (Independent)

Rakhee Aggarwal joined the Trust in January 2020 on a three year term. Rakhee has been a mental health nurse since 1999; she has a BSc in Behavioural Studies (Psychology); and a Masters in Teaching and Learning for Health Professionals. She has worked for the University of the West of England for the past 15 years as a Senior Lecturer; Associate Head of Nursing and Midwifery - Mental Health and Learning Disability Nursing; Associate Head of Nursing and Midwifery - Adult Nursing; and as Associate Head of Nursing and Midwifery - Continuing Professional Development. She is leading and developing the CPD Education provision for the NHS and private and voluntary sectors. In addition to her work at the University she has been a Non-Executive Director with the South Western Ambulance Trust since 2017.

Tania Baker - Non-Executive Director (Independent)

Tania Baker joined the Trust in June 2016 for a three year period. Her term of office was extended for a further 2 years in February 2019. She was Chief Executive Officer at health analytics company, Dr Foster where she was involved in developing the business nationally and internationally. Before this Tania held senior appointments in private healthcare and was Commercial Director at Aviva Health insurance. Tania is the Senior Independent Director.

Michael von Bertele CB, OBE - Non-Executive Director (Independent)

Michael joined the Trust in November 2016 for a three year period. His term of office was extended for a further three years in October 2019. As an army junior doctor, he trained in occupational and environmental medicine, and became a consultant in 1992. He has served in the UN Protection Force in Croatia, was chief medical planner in the Ministry of Defence and was Director General of the Army Medical Services. He retired in 2012 and worked for Save the Children International until 2015.

Dr Christine Blanshard – Medical Director

Christine Blanshard graduated in Medicine from Cambridge University in 1986 and has over 25 years NHS experience. She trained in East Anglia and London, and became a consultant gastroenterologist and general physician in 1998. She has undertaken a variety of managerial roles alongside her clinical work and before joining the Trust was Director of Strategy and Associate Medical Director at Homerton University Hospital NHS Foundation Trust.

Dr David Buckle – Non-Executive Director (non voting)

Dr David Buckle joined the Trust in January 2020 on a three year term. He is MB BS, DRCOG and MRCGP qualified and is a Fellow of the Royal College of General Practitioners. David was a practising GP until 2017 whilst latterly working part-time (until May 2018) as the Medical Director for Herts Valley Clinical Commissioning Group, where he was the Director of General Practice development. He has previously held other roles comprising various positions within Berkshire East and Berkshire West Primary Care Trusts and with NHS Berkshire West Primary Care Trust. He currently has a portfolio of Non-Executive appointments, as the President of the Society for Assistance of Medical Families; Non-Executive Director with Berkshire Healthcare NHS Foundation Trust; Non-Executive Director with East and North Hertfordshire NHS Hospitals Trust; and Vice Chair (clinical) of the Stroke Association. David will become a voting member of the Board in May 2020.

Rachel Credidio – Non Executive Director (Independent)

Rachel Credidio joined the Trust in March 2018 for a one year period. This term of office was extended for a further two years from March 2019. She started her career in housing in 1998 and has worked for the Aster Group since 2005. Her current role is Group People and Transformation Director, where her role includes people, IT and communications. Prior to this she was Group Strategic Change Director. She has been sponsor for the group's major change projects. Previous roles at Aster included Sales and Development Director.

Andy Hyett – Chief Operating Officer

Andy Hyett has a wide range of NHS experience. He started his career as a biomedical scientist at Dorset County Hospital in the 1990s and moved into NHS management in Winchester. He continued to progress through senior management positions in Portsmouth and then University Hospital Southampton NHS Foundation Trust where he was Deputy Chief Operating Officer. He joined the Trust in 2015.

Eiri Jones – Non Executive Director (Independent)

Eiri Jones joined the Trust in November for a three year period. Eiri is a Registered Nurse; has an MA in Professional Development; and is a QSIR Practitioner. Eiri has clinical, managerial and executive leadership knowledge and skills gained during a career spanning over 40 years. Eiri has held senior and board positions in a range of Trusts in England and Wales and has also held regional (Trust Development Authority), national (Welsh Government and State of Qatar) and regulatory (Nursing and Midwifery Council) appointments. Eiri is currently contracted to Cwm Taf Morgannwg Health Board as a part-time Programme Director. Other contracts were in leading the implementation of GIRFT in the South West of England; as an interim Quality Manager at NHS Crawley CCG; and interim Director of Quality Governance at Barts Health NHS Trust.

Paul Kemp joined the Trust in February 2015 having completed 34 years in industry, initially as a development chemist before concentrating on finance, IT and business change leadership. Paul has worked for a number of large multinational companies, including British Airways and Cobham plc, the multinational aerospace and defence company. In 2018, Paul was appointed as a Justice of the Peace, sitting on the Dorset bench and in 2019 took up the role of Trustee and Honorary Treasurer for the Magistrate's Association, a charity supporting the magistracy across England and Wales.

Lynn Lane has over 20 years' generalist HR experience working at Executive Director level with both the BBC, and also the NHS. Lynn lives in Oxfordshire and works primarily covering interim director roles across London, the South East and the South West of the UK in both the acute and non-acute sectors. Lynn joined the Trust in October 2019.

Paul Miller – Non Executive Director (Independent)

Paul Miller joined the Trust in March 2018 for a three year period. His experience spans 23 years as an executive director in a wide variety of organisations. It includes five years as a Chief Executive in both Wales and England and 16 years as a Director of Finance in specialist regional, mental health and acute organisations. These roles covered finance, strategy, organisational leadership and successful working at a very senior level in a wide variety of health systems.

Lisa Thomas – Director of Finance

Lisa has over 18 years' finance experience in a number of NHS organisations having started her career in 1999 on the Graduate Financial Management Training scheme. She was previously Deputy Director of Finance at Royal United Hospitals Bath NHS Foundation Trust, and prior to that she spent time working in Basingstoke, Winchester and Gloucestershire NHS organisations in senior roles. Lisa joined Salisbury in 2017.

Lorna Wilkinson – Director of Nursing

Lorna qualified as a registered nurse at the Royal Free Hospital, London in 1989 and has over 30 years NHS experience. She progressed through a number of nursing roles in London before moving into quality improvement and clinical governance. She was Deputy Director of Nursing, firstly in Salisbury and then in Portsmouth, before returning to the Trust in August 2014 as Director of Nursing.

Directors that left the Trust during 2019/2020

Paul Hargreaves – Director of Organisation Development and People

Paul Hargreaves is a Fellow of the Chartered Institute of Personnel and Development (CIPD) and has a wide range of experience in senior HR roles in the NHS. He joined Salisbury in 2017 after working as Deputy Director of Human Resources at Kingston NHS Foundation Trust. Paul Hargreaves left the Trust in September 2019.

Professor Jane Reid – Non Executive Director (Independent)

Jane Reid, who joined the Trust in September 2016 for a three year period, has a nursing background and extensive experience as an executive lead in the NHS and higher education. Jane Reid left the Trust in September 2019.

At the end of the first term of office, the Chairman and Non-Executive Directors are subject to an evaluation by the Governors' Performance Committee, which will make a recommendation to the full Council as to their individual suitability to serve a second term. The removal of the Chairman or a Non-Executive Director of the Trust requires the approval of three-Quarters of the members of the Council of Governors at a general meeting.

Appointment of the Vice Chairman and Senior Independent Director is reviewed annually. Employment terms for Executive Directors and Non-Executive Directors can be found in the Remuneration report earlier in this report. Directors and Governors can be contacted by members through the Membership Manager. Please note that no significant other commitments affecting the time that is required to devote to the role of Chairman were declared on appointment. This position has not changed in 2019/2020.

The Council of Governors understands the different process that should apply in the selection and appointment of a replacement Chairman and that the Chairman must not simultaneously be the Chairman of another Trust.

BOARD OF DIRECTORS' ATTENDANCE

	Appointment Date		Trust Board (12 meetings)	Audit Committee (5 meetings)	Remuneration Committee (2 meetings)	Finance & Performance (12 meetings)	Clinical Governance Committee (9 meetings)	Workforce Committee (7 meetings)	Subsidiary Governance Committee (5 meetings)	Council of Governors (5 meetings)
	From	To								
Cara Charles-Barks Chief Executive	09/01/17	-	10/12	3/5	-	8 /12	-	-	-	3/ 5
Rakhee Aggarwal Non-Executive	01/01/20	-	2/2	-	-	-	-	3/3	-	-
Tania Baker Non-Executive	01/06/16	-	12/12	5/5	-	-	-	-	-	2/5
Michael Von Bertele Non-Executive	01/11/16	-	10/12	4/5	-	-	-	7/7	-	2/5
Christine Blanshard Medical Director	05/09/11	-	11/12	-	-	-	7/9	4/7	-	1/5
Dr David Buckle Non-Executive	27/01/20	-	2/2	-	-	-	3/3	-	-	-
Rachel Credidio Non-Executive	11/03/18	30/04/20	8/12	-	-	2/7	-	5/6	-	-
Andy Hyett Chief Operating Officer	13/04/15	-	9/12	-		12/12	8/9			1/5
Paul Hargreaves Director of OD & People	19/06/17	27/09/19	3/6	-	-	3/6	-	2/3	1/2	-
Eiri Jones Non-Executive	11/11/19	-	4/4	-		2/4	3/3			-
Paul Kemp Non-Executive	01/2/15	-	12/2	5/5	-	11/12	-	-	5/5	-
Lynn Lane Director of OD & People	07/10/19	-	4/5	-	-	4/6	-	3/4	-	-
Nick Marsden Chairman	01/01/14	-	12/12	-	-	-	-	-	5/5	4/5
Paul Miller Non-Executive	16/04/18	-	11/12	4/5	-	12/12	9/9	-	5/5	2/5
Jane Reid Non-Executive	01/09/16	30/11/19	4/8	-	-	2/7	1/5	-	-	-
Lisa Thomas Director of Finance	03/07/17	-	11/12	5/5	-	12/12	-	-	5/5	-
Lorna Wilkinson Director of Nursing	04/08/14	-	11/12	-	-	-	8/9	5/7	-	-

THE AUDIT COMMITTEE

	Committee Role	Attendance out of five meetings
Paul Kemp	Chairman	5 / 5
Michael von Bertele	Non- Executive Director	4 / 5
Tania Baker	Non- Executive Director	5 / 5
Paul Miller	Non- Executive Director	4 / 5

The Work of the Audit Committee in Discharging its Responsibilities

The Audit Committee is in place to provide the Board with assurance as to the effectiveness of the processes overseen by the Board itself and by the Finance & Performance, Workforce, and Clinical Governance Committees.

The committee is supported by the Appointed Auditor, Grant Thornton LLP who took office from November 2018. In October 2019 the Council of Governors approved the appointment of Grant Thornton as the Trust's External Auditor for the next four years.

During 2019/2020, the internal audit service was provided by PwC UK.

The Committee has an annual work programme as well as dealing with other items that arise during the year. It also agrees annual work programmes with the auditors and the Executive.

The Audit Committee is chaired by Paul Kemp, Non-Executive Director. The Audit Committee is responsible for:

- Monitoring the integrity of the financial statements of the Trust, any formal announcements relating to the Trust's financial performance and reviewing significant financial reporting judgements contained in them.
- Assisting the Board of Directors with its oversight responsibilities and independently and objectively monitoring, reviewing and reporting to the Board on the adequacy of the processes for governance, assurance, and risk management; where appropriate, facilitates and supports through its independence, the attainment of effective processes.
- Reviews the effectiveness of the Trust's internal audit and external audit function.
- In discharging its role and function, the Committee shall provide assurance to the Board of Directors that an appropriate system of internal control is in place to ensure that business is conducted in accordance with the law and proper standards.

In addition to its standing items of business, which includes payroll analysis, internal audit recommendation tracker, Internal Audit Reports, External Audit Reports and Counter-Fraud progress reports, the Audit Committee has reviewed risk management systems and processes.

During 2019/2020 the Committee undertook a number of pro-active process reviews, whereby members of the Trust management team were invited to present to the Committee on a particular aspect of their operations. In all cases a good discussion was held between the committee members and the team making the presentation.

At the start of 2019/2020 financial year, a programme of seven reviews was agreed and, as of March 2020 five of these had been completed and reported to the Audit Committee. The remaining reviews are in progress. Of the five reports, three were graded as 'Low Risk', including the review of Key Financial Controls. Of the other two reports, a review of corporate governance and reporting was rated as 'Medium Risk' and a review of Patient Data Quality was rated as 'Medium Risk'

Following a penetration test report in March 2019 by external consultants detailing a number of critical and high risk security exposures in the IT Infrastructure, the Executive Team placed the department into an 'intensive support' process, focusing on governance and management process in the department. A number of mitigating actions have taken place throughout 2019/2020 and the committee has been reassured with a robust progress report.

The Audit Committee is also responsible for monitoring the external auditor's independence and objectivity, including the effectiveness of the audit process. The committee reviews the effectiveness of the audit process including verifying compliance with statutory requirements and deadlines, communication with key senior management personnel, satisfactory planning processes, and confirmation that the provision of staff to carry out work for the Trust are those named and qualified.

Grant Thornton has not provided any non-audit services for the Trust in 2019/2020.

Membership of the Audit Committee

The Audit Committee is comprised of three of the eight eligible Non-Executive Directors. The other main assurance committees of the Board are the Finance & Performance, Workforce and Clinical Governance committees.

Financial Audit

The external auditors for the Trust are Grant Thornton. During the 2019/2020 period, the Trust has incurred the following costs on external audit:

- Audit services: £72,000,000 (including VAT)
- Further assurance services: £10,000 to audit Quality Account (including VAT)
- Other services: None

As mentioned above, no other remuneration was paid to the auditor and the auditor was not involved in any other work for the Trust that may have compromised its independence.

The Trust has an internal audit function which was delivered under contract by PwC in 2019/2020. The work programme is reviewed and approved by the Audit Committee. Senior representatives of PwC report to the audit committee and a working protocol is in place with Grant Thornton, the Trust's appointed auditor. The delivery of the contract with PwC is overseen by the Director of Finance and the internal audit fee for 2019/2020 was £80,000.

Revaluation of Property and Land

The Trust's accounting policies requires a land and buildings revaluation to be undertaken at least every five years, dependent upon the changes in the fair value of the property. The five-yearly revaluations are carried out by a professional qualified valuer in accordance with the Royal Institute Chartered of Surveyors (RICS) Appraisal and valuation manual. The valuations are carried out on the basis of a Modern Equivalent Asset, as required by HM Treasury. The annual reviews are carried out using the most appropriate information available at the date of the review. The last full revaluation was carried out during 2015/2016. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use

- Specialised buildings – modern equivalent depreciated replacement cost

Annual desktop valuations and annual impairment reviews are carried out in all other years where a full revaluation has not taken place.

The valuation exercise was carried out in March 2020 with a valuation date of 31 March 2020. In applying the RICS Valuation Global Standards 2020 ('Red Book'), the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. The values in the report have been used to inform the measurement of property assets at valuation in the Trust's financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

Recognition of Income

Of the Trust's income, 87% is received from other NHS organisations, with the majority being receivable from Wiltshire CCG. The Trust participates in the Department of Health's agreement of balances exercise. This exercise seeks to identify all income and expenditure transactions and payable and receivables balances that arise from Whole Government Accounting (WGA) bodies. The Audit Committee is satisfied that by participating with this exercise it helps to provide further assurance that the vast majority of income and expenditure with WGA have been properly recognised and WGA receivable and payable balances are appropriately recorded. The Trust's external auditors will review the outcome of the exercise and report their findings to the Audit Committee.

Directors' Responsibilities for Preparing the Annual Report and Accounts

The Directors are aware of their responsibilities for preparing the annual report and accounts and are satisfied that they meet the requirements as reflected in the statement of Chief Executive's Responsibilities as the Accounting Officer at Salisbury NHS Foundation Trust. This can be found in the Annual Accounts for Salisbury NHS Foundation Trust. In Summary, 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.

NOMINATIONS COMMITTEE

The purpose of the Directors' Nominations Committee is to conduct the formal appointment to, and removal from office, of Executive Directors of the Trust, other than the Chief Executive (who is appointed or removed by the Non-executive Directors subject to approval by the Council of Governors).

The Committee membership includes the Trust Chairman, as Chair and all Non-Executive Directors.

In 2019/2020 Lynn Lane was appointed as Interim Director of Organisational Development and People.

FOUNDATION TRUST MEMBERSHIP

The membership of the Trust is made up of local people, patients and staff who have an interest in healthcare and their local hospital. Public members have to be aged 16 and over.

The staff membership has six classes to reflect the following occupational areas:

- Medical and dental
- Nurses and midwives
- Scientific, therapeutic and technical
- Hotel and property services
- Clerical, administrative and managerial
- Voluntary

Public members (including volunteers) can only be a member of one constituency. Staff members can only be a member of the staff constituency. Eligibility requirements for joining different membership constituencies, including the boundaries for public membership, are shown in the Trust's Constitution, which is available on the Trust's website.

During the year the Trust sought to broadly maintain membership numbers. At 31 March 2020 the membership for Salisbury NHS Foundation Trust was as follows:

Public Constituency	Number
Salisbury City	2,249
South Wiltshire Rural	3,803
Kennet	1,312
North Dorset	1,401
East Dorset	759
New Forest	1,106
West Wiltshire	981
Rest of England	704
Staff Constituency	3,770
Total	16,085

Ownership of the Trust's membership strategy rests with the Governors with support from the Trust. A key objective of the strategy is to grow the membership of Salisbury NHS Foundation Trust to broadly represent the population it serves, taking account of age, ethnicity and diversity in the population of the catchment area.

The Trust's method of recruiting members largely focuses on communication with former patients, generally via letter. The Trust also uses its public meetings to highlight the benefits of membership and encourage recruitment. Additionally, members' newsletters are used to encourage existing members to promote membership amongst friends and acquaintances. This year in order to widen the scope of the Trust's membership, other methods of recruitment are being considered. These include local media, social media and a more focused membership page on the Trust's website. It is hoped this piece of work will attract a more representative membership and is a focus for 2020/2021.

Membership Size and Movements		
Public Constituency	2019/2020	2020/2021 (Estimated)
At year start (1 April)	12.682	12.315
New members	622	2.388
Members leaving	989	703
At year end (31 March)	12.315	14.400

Staff Constituency		
At year start (1 April)	3.496	3.770
New members	426	320
Members leaving	182	90
At year end (31 March)	3.770	4.000
Overall Total	16.085	18.000

This year, a digital summary of the Annual Review was distributed to enable a wider reach. This document was published on the Trust website, promoted to our members and provided a succinct and informative summary of the year's events, including our ambitions for the year ahead.

Governors have been working in groups on their statutory duties and have also been involved in the development of the Trust's Annual Plan and Quality Account. They have been working on patient and public involvement initiatives, and been involved in Patient Led Assessments of the Care Environment (PLACE), which looks at cleanliness, food quality, and the patient environment. Governors are members of Trust led committees such as the Transport Strategy Group and Food and Nutrition Group.

Governors are also given a number of other opportunities to become involved or sample the 'patient's experience'. For example, governors and volunteers visit wards and outpatient areas gathering real time feedback from patients about their hospital stay, which enables ward staff to resolve issues quickly. The Trust works with the Governors' Membership and Communications committee to provide 'Medicine for Members' lectures.

A dedicated section on the Trust's website and intranet provides details of each governor, their interests and a means for members to communicate with them. There are also members' newsletters for staff and people in the public constituencies as well as formal constituency meetings where governors can gather the views of their members.

Table 1 below sets out the Code of Governance Provisions to be included in the Annual Report and their location.

Table 1: Code of Governance Provisions included in the Annual Report and their location

	Relating to	Code Provision	Annual Report location
A.1.1	Board and Council of Governors	The schedule of matters reserved for the board of directors should include a clear statement detailing the roles and responsibilities of the council of governors. This statement should also describe how any disagreements between the council of governors and the board of directors will be resolved. The annual report should include this schedule of matters or a summary statement of how the board of directors and the council of governors operate, including a summary of the types of decisions to be taken by each of the boards and which are delegated to the executive management of the board	Code of Governance 'Board of Directors' / 'Council of Governors'

		of directors.	
A.1.2	Board, Nomination Committee(s), Audit Committee, Remuneration Committee	The annual report should identify the chairperson, the deputy chairperson (where there is one), the chief executive, the senior independent director (see A.4.1) and the chairperson and members of the nominations, audit and remuneration committees. It should also set out the number of meetings of the board and those committees and individual attendance by directors.	Code of Governance 'Board of Directors'/ Accountability Report 'Directors Report'
A.5.3	Council of Governors	The annual report should identify the members of the council of governors, including a description of the constituency or organisation that they represent, whether they were elected or appointed, and the duration of their appointments. The annual report should also identify the nominated lead governor.	Code of Governance 'Council of Governors'
n/a	Council of Governors	The annual report should include a statement about the number of meetings of the council of governors and individual attendance by governors and directors.	Code of Governance 'Council of Governors'/ 'Board of Directors'
B.1.1	Board	The board of directors should identify in the annual report each non-executive director it considers to be independent, with reasons where necessary.	Code of Governance 'Board of Directors'
B.1.4	Board	The board of directors should include in its annual report a description of each director's skills, expertise and experience. Alongside this, in the annual report, the board should make a clear statement about its own balance, completeness and appropriateness to the requirements of the NHS Foundation Trust.	Code of Governance 'Board of Directors'
n/a	Board	The annual report should include a brief description of the length of appointments of the non-executive directors, and how they may be terminated	Code of Governance 'Board of Directors'/ Remuneration Report
B.2.10	Nominations	A separate section of the annual	Code of Governance

	Committee	report should describe the work of the nominations committee(s), including the process it has used in relation to board appointments.	'Nominations Committee'
n/a	Nominations Committee	The disclosure in the annual report on the work of the nominations committee should include an explanation if neither an external search consultancy nor open advertising has been used in the appointment of a chair or non-executive director	N/A – external consultancy agency used
B.3.1	Chair/Council of Governors	A chairperson's other significant commitments should be disclosed to the council of governors before appointment and included in the annual report. Changes to such commitments should be reported to the council of governors as they arise, and included in the next annual report.	Code of Governance 'Board of Directors'
B.5.6	Council of Governors	Governors should canvass the opinion of the trust's members and the public, and for appointed governors the body they represent, on the NHS Foundation Trust's forward plan, including its objectives, priorities and strategy, and their views should be communicated to the board of directors. The annual report should contain a statement as to how this requirement has been undertaken and satisfied.	Code of Governance 'Council of Governors'
n/a	Council of Governors	If, during the financial year, the Governors have exercised their power* under paragraph 10C** of schedule 7 of the NHS Act 2006, then information on this must be included in the annual report. This is required by paragraph 26(2)(aa) of schedule 7 to the NHS Act 2006, as amended by section 151 (8) of the Health and Social Care Act 2012. * Power to require one or more of the directors to attend a governors' meeting for the purpose of obtaining information about the foundation trust's performance of its functions or the directors' performance of their duties (and	Code of Governance 'Council of Governors'. No issues identified in the reporting year.

		deciding whether to propose a vote on the foundation trust's or directors' performance). ** As inserted by section 151 (6) of the Health and Social Care Act 2012)	
B.6.1	Board	The board of directors should state in the annual report how performance evaluation of the board, its committees, and its directors, including the chairperson, has been conducted.	Code of Governance 'Board of Directors'
B.6.2	Board	Where an external facilitator is used for reviews of governance, they should be identified and a statement made as to whether they have any other connection with the trust.	Code of Governance 'Board of Directors'
C.1.1	Board	The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the NHS Foundation Trust's performance, business model and strategy. There should be a statement by the external auditor about their reporting responsibilities. Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report).	See Annual Accounts and Annual Report. 'Directors Responsibilities for preparing the Accounts, the Independent Auditor's Report to the Governors and the Annual Governance Statement'
C.2.1	Board	The annual report should contain a statement that the board has conducted a review of the effectiveness of its system of internal controls.	Annual Governance Statement
C.2.2	Audit Committee/control environment	A trust should disclose in the annual report: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) If it does not have an internal audit function, that fact and the	Code of Governance 'Financial Audit'

		processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	
C.3.5	Audit Committee/ Council of Governors	If the council of governors does not accept the audit committee's recommendation on the appointment, reappointment or removal of an external auditor, the board of directors should include in the annual report a statement from the audit committee explaining the recommendation and should set out reasons why the council of governors has taken a different position.	No issues identified in the reporting year.
C.3.9	Audit Committee	A separate section of the annual report should describe the work of the audit committee in discharging its responsibilities. The report should include: • the significant issues that the committee considered in relation to financial statements, operations and compliance, and how these issues were addressed; • an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, the value of external audit services and information on the length of tenure of the current audit firm and when a tender was last conducted; and • if the external auditor provides non-audit services, the value of the non-audit services provided and an explanation of how auditor objectivity and independence are safeguarded.	Code of Governance 'Audit Committee'
D.1.3	Board/Remuneration Committee	Where an NHS Foundation Trust releases an executive director, for example to serve as a non-executive director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings.	Nil to report for the reporting year
E.1.4	Membership	Contact procedures for members	Code of Governance

		who wish to communicate with governors and/or directors should be made clearly available to members on the NHS Foundation Trust's website and in the annual report.	'Foundation Trust Membership'
E.1.5	Board	The board of directors should state in the annual report the steps they have taken to ensure that the members of the board, and in particular the non-executive directors, develop an understanding of the views of governors and members about the NHS Foundation Trust, for example through attendance at meetings of the council of governors, direct face to-face contact, surveys of members' opinions and consultations	Code of Governance 'Foundation Trust Membership'
E.1.6	Board/Membership	The board of directors should monitor how representative the NHS Foundation Trust's membership is and the level and effectiveness of member engagement and report on this in the annual report.	Code of Governance 'Foundation Trust Membership'
n/a	Membership	The annual report should include: • a brief description of the eligibility requirements for joining different membership constituencies, including the boundaries for public membership; • information on the number of members and the number of members in each constituency; and • a summary of the membership strategy, an assessment of the membership and a description of any steps taken during the year to ensure a representative membership [see also E.1.6 above], including progress towards any recruitment targets for members.	Code of Governance 'Foundation Trust Membership'
n/a	Board/Council of Governors	The annual report should disclose details of company directorships or other material interests in companies held by governors and/or directors where those companies or related parties are likely to do business, or are possibly seeking to do business, with the NHS foundation trust. As	Accountability Report 'Board of Directors'

		each NHS foundation trust must have registers of governors' and directors' interests which are available to the public, an alternative disclosure is for the annual report to simply state how members of the public can gain access to the registers instead of listing all the interests in the annual report. See also ARM paragraph 2.22 as directors' report requirement.	

NHS OVERSIGHT FRAMEWORK

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

- Quality of care
- Finance and use of resources
- Operational performance
- Strategic change
- Leadership and improvement capability (well-led)

Based on information from these themes, providers are segmented from 1 to 4, where '4' reflects providers receiving the most support, and '1' reflects providers with maximum autonomy. A Foundation Trust will only be in segments 3 or 4 where it has been found to be in breach or suspected breach of its licence. The Trust is currently segmented at 3 and was subject to enforcement undertakings due to the suspected breach of licence from January 2018 for the deteriorating financial position.

This segmentation information is the Trust's position as at 31 March 2020. Current segmentation information for NHS Trusts and Foundation Trusts is published on the NHS Improvement website.

Finance and use of resources

The finance and use of resources theme is based on the scoring of five measures from '1' to '4', where '1' reflects the strongest performance. These scores 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**	**2019/2020 scores**			
		Q4	**Q3**	**Q2**	**Q1**
Financial sustainability	**Capital service capacity**	4	4	3	3
	Liquidity	4	3	1	1
Financial efficiency	**I&E margin**	4	4	4	4
Financial controls	**Distance from financial plan**	4	4	1	1
	Agency spend	2	2	2	2
Overall scoring		4	3	3	3

Statement of the Accounting Officer's Responsibilities

Statement of the Chief Executive's responsibilities, as the accounting officer of Salisbury NHS Foundation Trust

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

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Salisbury 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 Salisbury 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's Group Accounting Manual and in particular to:

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

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

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

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

Cara Charles-Barks
Chief Executive
22 June 2020

ANNUAL GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Salisbury 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 Salisbury NHS Foundation Trust for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

CAPACITY TO HANDLE RISK

As the Chief Executive, I have overall responsibility for risk management within the Trust. The day to day oversight has been delegated to an executive lead for risk (the Director of Nursing), who is responsible for reporting to the Trust Board on the development and progress of risk management and for ensuring that the Risk Management Strategy is implemented and evaluated effectively.

The Trust's Senior Leadership Team, which I chair, has the remit to ensure oversight of the adequacy of the management of key risks facing the organisation. The Audit Committee provides a key forum through which the Trust's Non-Executive Directors bring independent judgement to bear on issues of risk management and performance. The constructive interface between the Audit Committee and Board supports the effectiveness of the Trust's systems of internal control.

The Board brings together the corporate, financial, workforce, clinical and operational risk agendas. The Board Assurance Framework (BAF) ensures that there is clarity about the risks that may impact on the Trust's ability to deliver its strategic objectives together with any gaps in control or assurance.

The day to day management of risks is undertaken by operational management, who are charged with ensuring that risk assessments are undertaken proactively throughout their area of responsibility and remedial action is carried out where issues are identified. There is a process of escalation to Executive Directors through Executive Performance Reviews, relevant committees and governance groups as required where there are challenges in implementing mitigations.

The Trust has a Risk Management Strategy in place which provides the framework for managing risk across all levels of the organisation. The strategy provides a clear, systematic approach to the management of risks to ensure that risk assessment is an integral part of all clinical, managerial and financial processes. Risk management is supported in the following ways; a central risk management team and a Director of Corporate Governance in place. Directorate Governance committees have been introduced within the last year to further strengthen the governance

arrangements. The Trust's capacity to handle risk was evidenced through the Care Quality Commission (CQC) Inspection, which reported in March 2019 that "The trust had effective systems for identifying risks, planning to eliminate or reduce them, and coping with both the expected and unexpected". The CQC rated the Trust Good for the Well-led domain which recognised the strong culture of good governance.

The Head of Risk Management supports the Executive Lead and is responsible for ensuring that staff are trained and equipped to manage risk in a way appropriate to their authority and duties. This is achieved through risk training programmes and through supporting and facilitating departments/teams directly. The recently published National Patient Safety Strategy will be informing training more specifically going forward in conjunction with the recent publication of the Draft Patient Safety Incident Framework that will be replacing the current Serious Incident Framework in 2021.

THE RISK AND CONTROL FRAMEWORK

The Trust understands that healthcare provision and the activities associated with caring for patients, employing staff, providing premises and managing finances will always involve an inherent degree of risk. Good risk management practice requires that identified risk is analysed, evaluated, treated and actions followed up for the purposes of monitoring and review to further improve.

The overall objective of the Risk Management Strategy is to ensure that robust risk management processes are in place which provide assurance to the Board that the Trust is discharging its responsibilities as an NHS Foundation Trust in ensuring business and financial acumen, improving services and the quality of care provision, whilst operating as a model employer and service provider in achieving the Trust's operational and strategic objectives. The strategy is updated every three years to ensure that it continues to reflect best practice in risk management methodologies and sets out the key responsibilities and accountabilities. The Risk Management Strategy sets out the strategic goals towards which the Trust is working with regard to risk management, and provides a framework that sets out the key responsibilities for managing risk within the organisation, including ways in which risk is identified, evaluated and controlled.

Risk management requires participation, commitment and collaboration from all staff. The process starts with the systematic identification of risks via structured risk assessments. These risks are documented on risk registers throughout the organisation.

These risks are then analysed in order to determine their relative importance using a risk scoring matrix. Low scoring risks are managed by the area in which they are found, whilst higher scoring risks are managed at progressively higher levels within the organisation.

Risk control measures are identified and implemented to reduce the potential for harm. The potential consequence and likelihood of the risk occurring are scored along with the effectiveness of existing control measures.

It is the sum of these scores which determines the level in the organisation at which the risk is reported and monitored to ensure effective mitigation.

Each Directorate maintains risk registers containing clinical and non-clinical risks. All unresolved risks affecting multiple departments or the division as a whole are recorded within the Directorate risk register whilst individual departments/specialties maintain departmental risk registers containing risk to the achievement of individual department's objectives. The escalation process between these risk registers is monitored monthly via the directorate management team with oversight through the Directorate Governance Committees which have been introduced over the last year to strengthen the governance arrangements. Escalation of Directorate risks to the Corporate Risk Register is via the Executive Performance Reviews.

Risks continued to be identified throughout 2019/2020 from a variety of sources, including:

- Internal and external reviews
- Internal and External Audit
- Risk assessments
- Complaints, Incidents and claims
- Alerts received from the Central Alert System
- Consultation with staff and patients
- Mandatory/statutory targets

The Audit Committee oversees and monitors the performance of the risk management system, with internal and external auditors working closely with this committee. The internal auditors use a risk based model to undertake reviews and provide assurances on the systems of internal control operating within the Trust. The results of internal audit reviews are reported to the Audit Committee who oversee that system weaknesses are addressed. Procedures are in place to monitor the implementation of control improvements and to undertake follow-up reviews if systems are deemed less than adequate. Internal Audit recommendations are tracked via reports to the Audit Committee. The Counter Fraud programme is also monitored by the Audit Committee.

The Clinical Management Board consider evidence that the Trust's comprehensive programme of clinical audit effectively supports improving clinical quality in alignment with the Trust's quality objectives.

The Trust's Board Assurance Framework (BAF) details the principle strategic risks to the achievement of the Trust's corporate objectives. This is received by the Board on a Quarterly basis together with the Corporate Risk Register and a report detailing progress against delivery of the objectives. The Finance and Performance Committee, Workforce Committee and Clinical Governance Committee have oversight of the BAF and Corporate Risk Register on a bi-monthly basis. The workplan of the Board Committees is linked so that the Board is assured that there is an aligned independent and executive focus on strategic risk and assurance. Referral of issues between committees ensures a respective understanding of risk and assurance concerns.

The management of the Coronavirus pandemic has meant the Trust has needed to amend its overall risk profile at the beginning of 2020/21, but in addition to this the key risks managed by Salisbury NHS Foundation Trust in 2019/2020 include:

- Concerns about the safety and effectiveness of services at the weekend as evidenced by a higher than expected weekend HSMR
- Concerns about the quality and resilience of the gastroenterology service
- Developing and delivering an effective productivity improvement and cost reduction strategy
- Remodelling the workforce to deliver new models of care to mitigate difficult to recruit to posts
- Compliance with access standards
- Information technology, clinical systems and technical infrastructure
- Managing the significant backlog estate within limited capital funding
- Managing the cancer pathway, including capacity challenges and specific increased demand in dermatology pathway

The Trust established controls or implemented actions to manage these risks as summarised below:

- Implemented improvements in weekend junior doctor and pharmacy staffing together with establishing a weekend safety working group and working with system partners to improve community provision and discharge at weekends.
- Commissioned a gastroenterology service review by the Royal College of Physicians resulting in a comprehensive improvement plan with progress being monitored by the Clinical Governance Committee.

- The Trust had a transformation programme with associated governance to track, monitor and manage delivery of cost improvement programmes across the Trust.
- The establishment of a hard to recruit work stream, focusing on those professions and specialities who are most challenged.
- Implementation of the longer term digital strategy and focus on a 2019/2020 infrastructure and controls improvement plan.
- Robust capital prioritisation process to ensure resources are deployed effectively.
- Continuation of the development of a health and care campus.
- Controls in place for oversight and monitoring of access and performance information as evidenced with good outcomes in year.

Major risks 2020/2021

As we enter 2020/2021, the Trust is focussed on enacting plans as part of the NHS Declaration of a Level 4 National Incident on 30 January 2020. The Trust's immediate delivery of its strategic plans will be limited to where they contribute to the need to put in place multiple actions to manage the significant pressure placed on the NHS and care systems nationally.

The Trust therefore starts the year focussed on:

- Making best use of our inpatient and critical care capacity.
- Preparing for, and responding to, COVID-19 patients who need hospital treatment.
- Supporting staff, and planning to ensure our workforce can meet any demand
- Playing our part in the wider population social distancing measures announced by the Government
- Resetting normal hospital operations to reflect new ways of working and the need to operate services alongside the response to COVID-19.

Within this context, we acknowledge the great opportunity in our closer integration with local partners and will continue to prioritise this and the benefits it provides in the delivery of our wider strategic objectives. We will review these to ensure the Trust is best placed to deliver the NHS and BSW Long Term Plans and we will embrace the priorities of the NHS People Plan with the vision to make the Trust 'the Best Place to Work.'

Our financial position remains a challenge with a planned deficit of £15m and we have prioritised the plans to address this. The Trust agreed a financial sustainability strategy in early 2020 and will complete an implementation plan for this strategy in 2020-21. As a healthcare system, financial sustainability is also a priority and BSW has set initiatives to address this. Clearly with the uncertainty COVID-19 brings, this places greater challenge and opportunities on establishing in the longer term how services can be delivered ultimately at a lower cost.

The future sustainability of the Trust will also be dependent on our ability to progress the delivery of our Estates masterplan. The operational resilience of areas such as Day Surgery and the Maternity Unit remain regular concerns, alongside managing the risk of high capital expenditure on reactive maintenance in the ageing parts of our Estate. We have successfully carried out public consultation on the first phases of our Estates masterplan and completed a full Strategic Outline Case for its implementation. However, the ability of the Trust to progress this scheme remains contingent on clarification of national funding schemes available for capital development.

The Trust has a robust Quality Governance reporting structure in place through an established Clinical Governance Committee. The Quality Governance arrangements are described in both the Integrated Governance Framework and Accountability Framework. These frameworks are a means by which the Board controls and directs the organisation and its supporting structures, to identify and manage risk and ensure the successful delivery of the strategic objectives. The Integrated Governance Framework makes it clear that quality governance is the responsibility of the Board supported by the Clinical Governance Committee for continuously improving the quality of services and safeguarding high standards of care by creating an environment in which excellence in clinical

care will flourish. The Quality Report, published alongside this Annual Report and Accounts describe quality improvements and quality governance in more detail.

The Chief Executive is the Accountable Officer for quality governance. Each Director is a lead for a number of Board objectives. The responsible officers for quality are the Medical Director who leads on clinical effectiveness and the Director of Nursing who leads on patient safety and patient experience.

The Board approved 'Our Strategy for Improvement' and Quality Improvement (QI) Plan in May 2019. It is recognised that QI is not a quick fix but a continuous process requiring a sustained focus over time and involving a cultural shift in ways of thinking, leading and working, across the organisation. Delivery is overseen by the QI Steering Group.

The QI areas of focus and work streams currently underway include:

- Development of an internal Skill Share
- Development of a dragons den initiative
- Development of a ward level accreditation programme
- Recruitment of QI coaches and associated training
- Development of QI training/workshops
- Inclusion at Trust wide induction
- Development of a website
- Publicity/Marketing

The Trust has a robust approach to the assessment of the potential impact of cost reduction programmes on the quality of services. The quality impact assessment process involves a structured risk assessment using a standard template which requires Directorate Management Team sign off. This is then presented at the Quality Review Panel, where the Medical Director and Director of Nursing make the final approval decision. The Trust's overall processes for monitoring quality and triangulating information provide a framework within which to monitor the impact of schemes.

Delivery of the Trust's strategic objectives is underpinned by the publication of the annual quality report which sets out the progress made against our quality priorities in 2019/2020 and the quality priorities selected for 2020/21. Progress of the priorities is monitored via the Clinical Governance Committee; reviewing a suite of quality metrics that track performance against key quality indicators.

The Integrated Performance Report, which comprises of detailed reports on quality, operational performance, finance and workforce, has been received by the Board monthly and is considered in detail. Through 2019/2020, there was significant focus on this report to improve data quality and effectiveness of reporting variances in performance and actions being taken to address these.

Dedicated data quality teams pro-actively manage data quality within core systems, and provide appropriate training and guidance to service colleagues across the Trust. Independent assurance regarding data quality is provided using SUS dashboards annual external audits of key national performance indicators, as reported in the annual Quality Account, various internal and external audits carried out throughout the year, and the annual Data Security and Protection Toolkit self-assessment review by internal audit and external auditors.

Risks to data quality and data security are continually assessed and added to the Trust's risk register and scored appropriately. These are all managed following internal governance processes, at the Information Standards Group and escalated to the Trust Management Committee and the Trust's Finance and Performance Committee where appropriate.

The Trust has a Freedom to Speak Up Guardian (FTSUG) to act in an independent and impartial capacity to support staff who raise concerns and whom has access to the Chief Executive and the Trust's nominated Non-Executive Director for 'Freedom to Speak Up'.

Risk management is embedded in the activity of the organisation in a variety of ways. A suite of risk management policies underpin the Risk Management Strategy and are available to staff on the intranet. Training and awareness sessions are available to staff across the Trust and via mandatory training. Directorates and Corporate Functions proactively identify risks which are recorded on risk registers. The specialties and Directorates also retrospectively identify risk through adverse incident reporting, receipt and response to complaints and claims, patient and staff surveys and feedback, and concerns raised by the Coroner.

Due to the devolved nature of risk management and compliance of incident reporting and investigation at a local level, quality and quantity of incident reporting continues to improve and develop. The Trust actively promotes an open and fair culture that encourages the honest and timely reporting of adverse events and near misses to ensure learning takes place and improvement actions are taken. The Trust submits patient safety incident data to the National Reporting Learning System. The Trust works in partnership with our commissioners to share learning and improvement actions. The Trust reviews compliance with Duty of Candour on a monthly basis.

Salisbury NHS Foundation Trust has taken the following actions to improve the quality of its services and reduce the rate of patient safety incidents that have resulted in severe harm or death by-

- Investigating incidents and sharing the lessons learnt across the Trust and ensuring recommendations are implemented through the Executive Directorate Performance Review meetings.
- Continuing to monitor the completion of recommendations from reviews at the Clinical Management Board and Clinical Governance Committee.
- Ensuring timely identification of themes, trends and learning.
- Reviewing reported data from the National Reporting Learning System (NRLS) which indicates there is no evidence for potential under reporting of incidents and the Trust remains within the expected range.
- The Trust will continue to improve its safety culture by actively promoting reporting, investigation of clinical incidents and serious incidents and share learning across the Trust and with our commissioners to ensure improvement.
- A cancer risk summit was held in September 2019 following a cluster of serious incidents related to missed or delayed diagnosis of cancer to progress improvement actions. Three working groups were set up 1) To streamline the multidisciplinary team review of patients with cancer in line with national guidance 2) Improve appointment processes 3) Improve receipt and acknowledgement of abnormal results. Progress has been made with all work streams and a follow-up summit will be held in April 2020.

Our national staff survey 2019 showed that when asked:

- My organisation treats staff who are involved in an error, near miss or incident fairly; the Trust is better than average compared to other acute Trusts (62.7% vs 59.6%).
- My organisation encourages us to report errors, near misses or incidents; the Trust is better than average compared to other acute Trusts (89.1% vs 88.2%).
- When errors, near misses or incidents are reported, my organisation takes action to ensure that they do not happen again; the Trust is better than average compared to other acute Trusts (71.4% vs 70.2%).

The Trust's patient and public involvement and consultation process ensures compliance with relevant legislation, and is described in the Patient and Public Involvement Strategy. All

departments, both clinical and non-clinical, are responsible for planning and undertaking patient and public involvement initiatives, where appropriate. The Trust completes an annual patient and public engagement report, which is reported to Trust Board.

When developing plans for significant service changes, the Trust has to show how stakeholders might be affected and to ensure they are consulted and how their views will be taken into consideration in developing proposals for change. Equality impact assessments are part of this process. The Trust works closely with patients and public stakeholders to ensure that the impact of any changes on patients is minimised.

The Trust works with the local Healthwatch to enable regular liaison and communication, to identify opportunities for the involvement of Healthwatch in Trust activities.

The Trust's Council of Governors engage with the quality agenda through its relevant working groups and a nominated Governor attends the Clinical Governance Committee.

The Trust has assessed compliance with the NHS provider condition 4. The Trust believes that effective systems and processes are in place to maintain and monitor the following conditions:

- The effectiveness of governance structures
- The responsibilities of Directors and subcommittees
- Reporting lines and accountabilities between the Board, its subcommittees and the executive team
- The submission of timely and accurate information to assess risks to compliance with the trust's licence *and*
- The degree and rigour of oversight the Board has over the Trust's performance.

These conditions are detailed within the Corporate Governance Statement, the validity of which is assured via the Finance and Performance Committee. Finance and Performance Committee reviewed the assessment in detail at its meeting on 28 April 2020 and confirmed that no material risks had been identified.

In October 2018, the *Developing Workforce Safeguards Framework* was launched. Building on existing National Quality Board (NQB) guidance, the framework provides a set of recommendations on workforce safeguards to strengthen the delivery of safe, high quality care across all staff groups and includes new recommendations for governance processes and formal reporting from ward to board.

Robust governance arrangements are well established within nursing and work is on-going to further develop this across all staff groups. There is a significant resourcing programme currently underway with a strong focus on hard to recruit posts, including registered nurses, consultants and other professionals. For some of these posts, the outcome is likely to be a recognised inability to recruit, which will require more creative solutions including the development of new roles. Concurrently, there is a project underway to optimise the use of the Electronic Staff Record (ESR) in the Trust which will have close links with the roll-out of eRoster and implementation of e-OPAS (Occupational Health) systems. These elements will improve the Trust's ability to demonstrate an evidence base and accurately report outcomes for all professional groups. Compliance against the recommendations is reported to the Workforce Committee, a sub-committee of the Board.

The foundation trust is fully compliant with the registration requirements of the Care Quality Commission (CQC). The Trust did not receive a core services inspection in 2019/2020. Engagement with the local CQC team continues on a monthly basis. CQC engagement visits to core services have increased and include a walk around and presentation from the service; the aim to have completed all core services by Quarter 2 of 2020/21. A comprehensive programme of improvement has been developed which includes peer review visits, 15 steps (first impressions and environment) and core service workshops. This is work in progress but early feedback about the process has been positive.

The foundation trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the trust with reference to the guidance) within the past twelve months as required by the Managing Conflicts of Interest in the NHS guidance.

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

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

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

In the immediate response to COVID-19 the Trust enacted its emergency resilience and response plans and protocols; these will remain in place as long as the incident is live. In addition the Trust continues to maintain and refine its internal control processes including amending standing financial instructions and ensuring the risk reporting frameworks are in place.

REVIEW OF ECONOMY, EFFICIENCY AND EFFECTIVENESS OF THE USE OF RESOURCES

The Trust regularly reviews the economy, efficiency, and effectiveness of the use of resources through benchmarking, reference costs, regular meetings between directorates and the Executive Directors, and assessing performance against plans. Investments are determined against detailed business plans and outcomes are reviewed against those plans.

The Audit Committee gives specific consideration to matters of probity, the propriety, regularity of public finances and value for money, which arise from the work of the external auditors and the Trust's "local counter fraud specialist" and internal audit service.

The Trust continues to actively pursue the opportunities as identified through the model hospital, GIRFT and the right care data, increasingly the Trust is working with system partners to identify how working collaboratively can reduce the cost base. This is reviewed at the Acute Alliance and BSW Directors of Finance meetings.

Arrangements to operate efficiently, economically and effectively are formally reviewed by external audit. Departmental cost improvement programmes and their delivery is tracked through the Directorate Performance Reviews and through the Trust Transformation programme. This will continue to be taken forward as a key part of the financial recovery plan.

The Trust's finances are reviewed by the Finance and Performance Committee at its monthly meetings. Monthly performance, workforce and quality information is scrutinised each month by the Board through the Integrated Performance Report. The range of information continues to develop.

INFORMATION GOVERNANCE

The Trust acknowledges the importance patients and staff place on the security, confidentiality, integrity and availability of corporate and personal information. The Trust is committed to

proactively managing all its resources through clear leadership and accountability, which is underpinned by the Trusts values and behaviours through awareness and education.

The Deputy Chief Executive Officer (CEO), Medical Director, Caldicott Guardian and Director of Transformation Senior Information Risk Owner (SIRO), oversee compliance and adherence to the Trusts Confidentiality, Information Risk & Security policies and procedures which define how the Trust proactively manages the security and confidentiality of personal information and systems.

Information Governance arrangements within the organisation are constantly reviewed by the Trust. During the 2019-20 Data Security and Protection Toolkit (DSPT) year, the Trust self-reported two security incidents to the Information Commissioners Office and NHS Digital. The first incident, related a redaction oversight concerning a third party within a medical record. The second, related to a system syncing error, which lead to a patient letter being sent to the incorrect address. Both cases were investigated and no formal action was taken against the Trust.

During 2019/2020, work continued to ensure that a comprehensive and robust evidence based assurance programme exists to reinforce the work of the DSPT to demonstrate that the organisation can be trusted to maintain the confidentiality and security of personal information, increasing public confidence that the NHS and partner organisations can be trusted with personal data.

The Trust continues to ensure that the EU General Data Protection, Network and Information System Regulations continue to be embedded into the fabric of the organisation. Asset Owners and Information Asset Administrators evidence is internally audited and updated on a regular basis. The Trust has also committed time and resources to continually review policies, procedures and guidance to ensure changes in regulatory, legislative and best practice are incorporated.

In line with the NHS Digital guidance, the Trust confirms it will not be submitting a Data Security and Protection Toolkit assessment until 30th September 2020. This decision has not been taken lightly, and provides us with the opportunity to re-focus our resources to combat Covid 19.

Whilst, the Trust recognises the DSPT submission deadline has being relaxed, we remain resolved in our commitment to maintaining and continually look for ways to proactively improve the security and confidentiality of personal information entrusted to us.

DATA QUALITY AND GOVERNANCE

There is corporate leadership for data quality with the Director of Transformation (SIRO) holding responsibility for the quality of performance data which is reported monthly at the Trust Board and assurance committees.

The Trusts has an up to date Data Quality Policy that was refreshed during 2019/2020. The policy outlines a strengthened approach to data quality, focussing on the following key areas:

- Raising awareness of the importance of high quality data.
- Assisting all staff in understanding their role and responsibility in maintaining high quality data.
- Assisting staff in getting data quality 'Right First Time' through supporting staff in putting in working practices and processes which enable high data quality at the first time of input.
- Minimising risks arising from poor data quality.
- Monitoring the quality of data used by the Trust and where needed, to highlight where data is inaccurate and needs to be checked and improved.
- Establishing a framework within which data quality issues can be raised and actioned

A key improvement during 2019/2020 is the introduction of a data quality assurance framework maturity assessment for core reports, ensuring there is assurance on the quality of information that

we use for Trust reporting. The assurance scoring has assessments which have been completed for key Trust committee reports and these are being expanded to cover other key performance indicators during 2020/21. An implementation plan to support the journey of continuous improvement and ownership of data quality has been developed and approved and is monitored at the Trust's Information Standards Group.

Over 2019/2020, and going forward into 2020/21, the Trust has also embarked on a business intelligence project which includes replacing the data warehouse and delivering modern tools to support the improvement in data quality and the use of information more widely.

All data used for quality reporting is derived from operational clinical systems which are well known and reviewed by the staff using them. With regular analysis and use of data coming from the system comes a degree of assurance about the accuracy of reporting. The weekly directorate-led Delivery Performance Group regularly reviews performance data, including patient level information especially on elective waiting times.

Waiting list data is updated daily and this feeds into a suite of reports that allow various operational teams to monitor the size and performance of the waiting list. There is a dedicated team that review and validate the waiting list daily, ensuring that records are accurate and up to date, and there is close review of the longest waiting patients by the directorate team to ensure we meet all waiting list targets. All performance related submissions are reviewed and signed off at Executive level before being submitted, and this is supported by the use of Statistical Process Control (SPC) charts to allow close monitoring of specialty level performance over time.

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Data Quality features within the roles and responsibilities of key staff members who are inputting data into systems, and those who review and assess data accuracy.

The Trust will be further educating staff in the role they play in meeting the high standards of data quality the Trust aspires to; and data quality champions are being introduced across the Trust during 2020.

A Data Quality Improvement Group reviews key data quality issues and oversees data quality improvement across the following headings:

- Training – design and delivery of targeted training to support high quality data
- Awareness – using existing forums (e.g. ward clerk meetings) to communicate data quality issues
- Process change – use of structured Standard Operating Procedures to meet operational and reporting requirements
- Information systems – regular checks to ensure data being used is compliant and accurate
- Data quality monitoring – reviewing nationally and locally developed data quality reports, use of spot checks (e.g. monthly review of waiting list data) and software such as coding software to check data quality.

The Trust receives both internal audit and external audit reviews to check processes and compliance with regards to data quality.

REVIEW OF EFFECTIVENESS

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the

system of internal control by the board, the audit committee and Clinical Governance committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board of Directors and its committees have met regularly and kept arrangements for internal control under review through discussion and approval of policies and practice and monitoring of outcomes agreed as indicators of effective controls. The Board and its committees review the Integrated Performance Report monthly which covers the key national priority and regulatory indicators and locally derived key performance indicators. The report provides more detailed briefings on any areas of adverse performance. This report is supported by a number of more granular reports reviewed by Board committees and regular Executive performance review meetings with the Directorates.

The selection of appropriate metrics is subject to regular review, with changes in definitions or strategic priorities reflected in the selection.

The Audit Committee has provided the Board of Directors with an independent and objective review of financial and corporate governance, and internal financial control within the Trust. The Audit Committee has received reports from external and internal audit, including reports relating to the Trust's counter fraud arrangements. There is a full programme of clinical audit in place.

The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Board Assurance Framework and on the controls reviewed as part of the internal audit work. The Head of Internal Audit opinion for 2019/2020 gave reasonable assurance on the system of internal control in place during the year.

During 2019/2020, Internal Audit conducted seven internal audits of which three were classified as low risk, two medium risks, one was not a risk rated report and as at the time of writing, one report has been issued as draft. There were no high risk rated reports issued in 2019/2020.

A report is produced at the conclusion of each audit assignment and, where scope for improvement is found, recommendations are made and appropriate action plans agreed with management. Reports are issued to and followed up with the responsible Executive Directors, with the results of audit work reported to the Audit Committee. In addition to the planned programme of work, internal audit provide advice and assistance to senior management on control issues and other matters of concern. Where Internal Audit issued a limited assurance report, the relevant audit executive lead attended the Audit Committee to discuss the report and actions taken.

In 2018/2019 the Head of Internal audit opinion cited major improvements were required in the framework of governance, risk management and control within the Trust. During 2019/2020 the Trust has made a series of positive improvements in particular within financial systems and ongoing improvements to the IT environment which has improved this position.

The ongoing work to improve the control framework at the Trust and the overall lower risk ratings of the audit findings in 2019/2020 have meant an overall lower risk rating for this year. This has enabled the improved opinion of generally satisfactory with some improvements required for the year

The Trust is focused on action plans to address the identified risks reported in 2019/2020 which have been approved by the Trust Audit Committee. The key risks identified centre on governance and integrity of information which have not directly impacted patient care.

CONCLUSION

The Trust Board is committed to the continuous improvement of its governance arrangements to ensure that systems are in place to identify and manage risks correctly. This is to ensure that

patients, service users and staff and stakeholders can be confident in the quality of the services delivered and the effective, economic and efficient use of resources.

Overall there is in place a dynamic process for the management of internal control which is reviewed and updated regularly by the Executive Team and various Board Committees that are in place in the Trust to help me meet my responsibilities as Accounting Officer. The risks the Trust has faced, together with the actions taken to address each of these areas are detailed within the annual governance statement. There were no significant internal control issues identified.

Cara Charles-Barks
Chief Executive (Accounting Officer) **Date: 22 June 2020**

SALISBURY NHS FOUNDATION TRUST

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR TO 31 MARCH 2020

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FOREWORD TO THE ACCOUNTS

These consolidated accounts for the year ended 31 March 2020 have been prepared by Salisbury NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006.

Signed:

Cara Charles-Barks - Chief Executive

Date: 22 June 2020

Independent auditor's report to the Council of Governors of Salisbury NHS Foundation Trust

Report on the Audit of the Financial Statements

Qualified opinion

Our opinion on the financial statements is modified

We have audited the financial statements of Salisbury NHS Foundation Trust (the 'Trust') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Consolidated Statement of Changes in Taxpayers Equity, the Consolidated 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 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, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the financial position of the group and of the Trust as at 31 March 2020 and of the group's expenditure and income and the Trust's 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 qualified opinion

Due to the national lockdown arising from the Covid-19 pandemic we did not observe the counting of physical inventories at the end of the year. We were unable to obtain sufficient appropriate audit evidence regarding the inventory quantities held at 31 March 2020, which have a carrying in the Trust Statement of Financial Position of £5.98 million and the group Statement of Financial Position of £7.51 million, by performing other audit procedures. There may be an impact on the valuation of supplies and services expenditure for the same reason.

Consequently we were unable to determine whether any adjustment to these amounts were necessary. In addition, were any adjustment to these amounts to be required, the Annual Report and Accounts would also need to be amended.

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

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 note 1.2 in the financial statements which indicates that the Trust submitted its draft plan to NHS Improvement on 5 March 2020, following approval by Trust Board. The draft plan set out a deficit position of £15 million for the year ending 31 March 2020 and did not include any central funding.

As disclosed in note 1.2, plans for 2020/21 were not formally agreed with the Department of Health and Social Care due to the Covid-19 pandemic. Nationally devised contracts are in place for the period to 31st 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 expects to receive additional Public Dividend Capital in 2020/21 to meet the deficit, but this has not been formally agreed.

These events and conditions along with the other matters disclosed in note 1.2 indicate that a material uncertainty exists that may cast significant doubt about the group and 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 group and Trust included in the Trust's cash flow forecast over the period under assessment;
- we assessed whether the Trust had updated its cash flow forecast 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: £4,600,000, which represents 1.75% of the group's gross operating costs (consisting of operating expenses and finance expenses);
- Key audit matters were identified as:
  - Valuation of land and buildings
  - Revenue recognition
  - Covid – 19

The group consists of seven components – Salisbury NHS Foundation Trust, Salisbury District Hospital Charitable Fund, three subsidiary companies and two joint ventures.

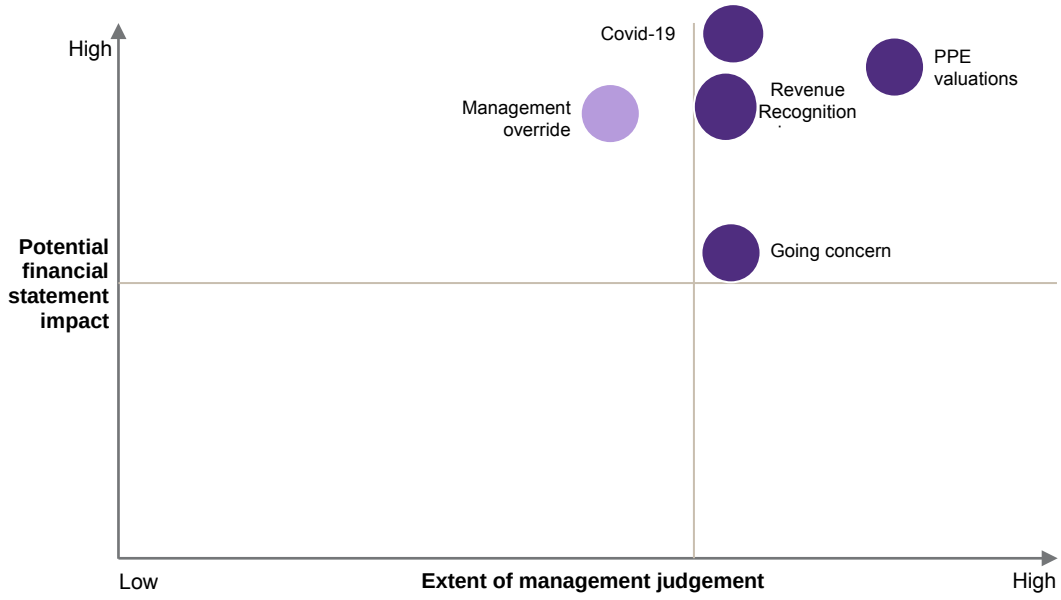
Audit testing was performed on classes of transactions, account balances, or disclosures relating to the subsidiaries which were material to the group position or included a likely significant risk of material misstatement to the group financial statements. We have tested 98% of Group income, 94% of group expenditure, 99% of Group assets and 98% of group liabilities.

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

	We identified a significant risk 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 financial statement 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 matters described in the basis for qualified opinion section and 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 –Trust	How the matter was addressed in the audit – Trust
Risk 1 Valuation of land and buildings The Trust revalues its land and buildings on a five yearly basis to ensure that the carrying value is not materially different from the current value at the financial statements date. In the intervening years, the Trust requests a desktop valuation from its valuation experts. A full valuation is being carried out in 2019/20. This valuation represents a significant estimate by management in the financial statements. The valuation of land and buildings is a key accounting estimate 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	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; • testing revaluations made in the year to see if they had been input correctly into the Trust's

Key Audit Matter –Trust	How the matter was addressed in the audit – Trust
Chartered Surveyors (RICS), to estimate the current value of its land and buildings. The last full valuation was as at 31 March 2020. 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 We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement. .	asset register. The Trust's accounting policy on the valuation of property including land and buildings, is shown in note 1.9 to the financial statements and related disclosures are included in note 17. As, disclosed in note 1.9 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 in 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 to the financial statements and is planning to engage an external valuer to revalue its land, building and dwelling assets at the end of the current financial year. 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; • the valuation of land and buildings disclosed in the financial statements is reasonable.
Risk 2 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 may be misstated due to the improper recognition of revenue. We have rebutted this presumed risk for the revenue streams of the group and 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 • Education & training income • Provider Sustainability Fund (PSF) and Financial Recovery Fund (FRF) funding • Salisbury Trading Limited income We have not deemed it appropriate to rebut this presumed risk for all other material streams of patient care income and other operating revenue. Charitable fund income is not material in the current year. We have therefore identified the occurrence and accuracy of these income streams of the Trust and the existence of associated receivable balances 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 the Trust's accounting policies for recognition of income from patient care activities and other operating revenues; • Updating our understanding of the Trust's system for accounting for income from patient care and other operating revenues, and evaluating the design of the associated controls; In respect of patient care income: • Using the Department of Health and Social Care (DHSC) mismatch report, investigating unmatched revenue and receivable balances over £300,000, corroborating the unmatched balances used by the Trust to supporting evidence; • Agreeing, on a sample basis, income from contract variations and year end receivables to supporting evidence; • Evaluating the judgements made by management in order to determine recognition of income from contract variations. In respect of other operating revenue: • Agreeing, on a sample basis, income and year end receivables from the Trust's other operating revenues to supporting evidence. The Trust's accounting policies on revenue recognition are shown in note 1.5 to the financial statements and related disclosures are included in note 3.

Key Audit Matter –Trust	How the matter was addressed in the audit – Trust
	Key observations We obtained sufficient audit evidence to conclude that: • the Trust's accounting policies for recognition of patient care and other operating income comply with the DHSC Group Accounting Manual 2019-20 and have been properly applied; and • patient care income from contract variations and other operating revenues and associated receivable balances has been recognised appropriately in the financial statements.

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.

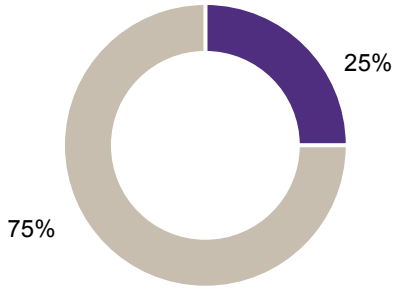
Materiality was determined as follows:

Materiality Measure	group	Trust
Financial statements as a whole	£4,600,000 which is 1.75% of the group's gross operating costs. This benchmark is considered the most appropriate because we consider users of the financial statements to be most interested in how the group has expended its revenue and other funding. Materiality for the current year is higher than the level we determined for the year ended 31 March 2019 to reflect that this is our second year as auditor.	£4,400,000 which is 1.75% of the Trust's gross operating costs. 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 for the current year is higher than the level we determined for the year ended 31 March 2019 to reflect that this is our second year as auditor.
Performance materiality used to drive the extent of our testing	75% of financial statement materiality	75% of financial statement materiality
Specific materiality		£20,000 for disclosure of senior manager remuneration in the Remuneration Report based on our view of the level of misstatement that would influence the views of the users of the accounts.
Communication of misstatements to the Audit Committee	£230,000, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£220,000, 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 – group

Overall materiality – Trust



■ Tolerance for potential uncorrected mis-statements ■ Performance materiality

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

- Evaluation by the group audit team of identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality. We determined a component to be individually significant if it represented more than 15% of the group's operating expenditure.
- We identified Salisbury NHS Foundation Trust as the only significant component in the group. Salisbury NHS Foundation Trust represents 95% of the group's operating income, 96% of its operating expenses and 92% of the group's total assets. We carried out a full scope audit in relation to the Trust.
- We identified a further six non-significant components of the group – Salisbury District Hospital Charitable Fund, two wholly owned subsidiaries: Salisbury Trading Ltd and Replica 3DM Ltd, Odstock Medical Ltd (88% owned by the Group) and two joint ventures: Sterile Supplies Ltd and Wiltshire Health and Care LLP.
- For Salisbury District Hospital Charitable Fund, we performed analytical techniques on the figures consolidated into the group financial statements and substantive tests on donated income, the bank balance and investments. The Salisbury District Hospital Charitable Fund represents 1.4% of the group's operating income, less than 1% of its expenditure and 2% of the group's total assets
- For Salisbury Trading Ltd we performed analytical techniques on the figures consolidated into the group financial statements and substantive tests on its operating income and expenditure. The Salisbury Trading Ltd represents 3% of the group's income, 3% of the group's expenditure and less than 1% of the group's total assets.
- We performed analytical procedures on the group's income, expenditure and assets and liabilities of Odstock Medical Ltd. Replica 3DM, Sterile Supplies Ltd and Wiltshire Health and Care LLP are immaterial and no work was undertaken. These bodies represent less than 1% of the group's deficit for the year and less than 1% of the group's total assets.

The group audit team undertook procedures in respect of material balances included within the group financial statements. No reliance was placed on the work of component auditors. The scope and approach of our audit has not changed from the previous year.

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.

As described in the basis for qualified opinion section of our report, we were unable to obtain sufficient appropriate audit evidence regarding the Trust and group inventory quantities, which have a carrying amount in the Statement of Financial Position of £7.51 million and £5.98 million respectively at 31 March 2020, and related balances. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

In this context, we 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 set out on page 54 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 group and Trust's performance, business model and strategy, is materially inconsistent with our knowledge of the Trust obtained in the audit; or
- Audit Committee reporting set out on pages 52-54 of the Annual Report in accordance with provision C.3.9 of the NHS Foundation Trust Code of Governance the sections 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 modified

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
- except for the possible effects of the matter described in the basis for qualified opinion section of our report, 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 the Chief Executive's responsibilities as the accounting officer set out on page 63, 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 group's and 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 and the group 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, Salisbury 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 Trust planned to deliver a £9 million deficit for 2019/20, allowing access to matching support funding. During the course of the year, the Trust's financial position deteriorated, and the final outturn was a deficit of £14.7 million. Consequently the Trust was not eligible to receive £4.2 million of support funding. The deterioration was driven by increasing demand in both non elective procedures and length of patient stay resulting in an additional requirement for bed capacity, an increase in non–pay costs and additional costs incurred in recruiting overseas nurses;
- the Trust continues to have an underlying structural deficit and although it is working with partners to develop a Long-Term Financial Plan it is not yet in a position to reduce expenditure to match income; and
- in January 2018, the Trust agreed enforcement undertakings with NHS Improvement resulting from its deteriorating financial position These enforcement actions remained in force at 31 March 2020.

These matters identify weaknesses in the Trust's arrangements for delivering a sustainable budget which matches expenditure to income.

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 Sustainability The financial position of the Trust was considered a significant risk in our 2018/19 VFM planning. Although the Trust met its control total and received additional PSF funding in the year, this was achieved in part by support from wider systems partnerships and the Trust's financial performance remains in a deficit position. The Trust agreed a deficit control total for 2019/20 of £8.854 million and met its in year targets for the period to the end of September 2019 enabling access to financial performance payments again with support from commissioners. At that date delivery of savings and efficiencies were a little behind target for theatre utilisation and patient flow due to a number of factors. 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: • monitoring the Trust's performance against its operational plan and achievement of its control total for the financial year 2019/20; • evaluating the forecast position throughout the year and the Trust's final outturn against budget; • assessing the Trust's overall arrangements for achievement of its control total; and • assessing the Trust's arrangements for responding to the actions required from the enforcement undertakings agreed with NHS Improvement in January 2018. **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.

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 Salisbury 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.

Barrie Morris

Barrie Morris, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

23 June 2020

STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended 31 March 2020

		Group		Trust	
					Restated
		2019/20	2018/19	**2019/20**	2018/19
	Note	**£000**	£000	**£000**	£000
Revenue from patient care activities	3	**222,621**	210,675	**222,621**	210,675
Other operating revenue	5	**38,106**	37,335	**24,918**	25,098
Operating expenses	7	**(263,885)**	(243,848)	**(252,570)**	(234,236)
OPERATING SURPLUS/ (DEFICIT)		**(3,158)**	4,162	**(5,031)**	1,537
FINANCE COSTS					
Finance income	12	**454**	346	**265**	198
Finance expense	13	**(2,592)**	(2,512)	**(2,592)**	(2,512)
PDC Dividends payable		**(3,037)**	(3,480)	**(3,037)**	(3,480)
NET FINANCE COSTS		**(5,175)**	(5,646)	**(5,364)**	(5,794)
Losses on disposal of assets	17	**(72)**	(11)	**(72)**	(11)
Share of profit/ (loss) of associates/ joint ventures	34	**(15)**	(147)	**(15)**	(147)
Movement in fair value of investment property	22	**-**	-	-	-
Movement in fair value of other investments	18	**(986)**	282	-	-
RETAINED DEFICIT FOR THE YEAR		**(9,406)**	(1,360)	**(10,482)**	(4,415)
OTHER COMPREHENSIVE INCOME:					
Items that will not be reclassified to income and expenditure					
Revaluations	17	**(441)**	4,706	**(444)**	4,659
Items that may be reclassified to income and expenditure					
Fair Value gains/ (losses) on Available-for-sale financial investments	18	**-**	-	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		**(9,847)**	3,346	**(10,926)**	244
NOTE: ALLOCATION OF PROFIT/(LOSSES) FOR THE YEAR					
(a) Surplus/(Deficit) for the period attributable to:					
(i) Minority interest, and		**8**	7	**-**	-
(ii) Owners of Salisbury NHS Foundation Trust		**(9,414)**	(1,367)	**(10,482)**	(4,415)
TOTAL		**(9,406)**	(1,360)	**(10,482)**	(4,415)
(b) Total comprehensive income/ (expense) for the year attributable to:					
(i) Minority interest, and		**8**	7	**-**	-
(ii) Owners of Salisbury NHS Foundation Trust		**(9,855)**	3,339	**(10,926)**	244
TOTAL		**(9,847)**	3,346	**(10,926)**	244

The notes on pages 5 to 49 form an integral part of these financial statements.
All revenue and expenditure is derived from continuing operations.

STATEMENT OF FINANCIAL POSITION
31 MARCH 2020

	Note	Group			Trust		
		31 March 2020	Restated 31 March 2019	Restated 1 April 2018	**31 March 2020**	Restated 31 March 2019	Restated 1 April 2018
		£000	£000	£000	**£000**	£000	£000
NON-CURRENT ASSETS							
Intangible assets	16	**8,828**	8,390	9,899	**8,828**	8,390	9,899
Property, plant and equipment	17	**140,083**	142,250	136,417	**137,635**	139,579	133,647
Investments in subsidiaries	33	**-**	-	-	**5**	5	5
Investments in joint ventures	34	**88**	103	250	**88**	103	250
Investments	18	**6,319**	7,059	6,779	**-**	-	-
Other financial assets	19	**2,299**	2,204	2,123	**4,982**	3,340	3,721
Receivables	21	**649**	-	-	**649**	-	-
Total non-current assets		**158,266**	160,006	155,468	**152,187**	151,417	147,522
CURRENT ASSETS							
Inventories	20	**7,514**	6,770	6,214	**5,892**	4,840	4,807
Receivables	21	**15,575**	23,555	14,726	**13,894**	22,761	14,063
Investments	18	**133**	201	44	**-**	-	-
Other financial assets	19	**-**	-	-	**-**	962	462
Non-current assets held for sale	22	**-**	-	570	**-**	-	570
Cash and cash equivalents	23	**16,145**	12,516	10,370	**9,087**	7,476	7,780
Total current assets		**39,367**	43,042	31,924	**28,873**	36,039	27,682
Total assets		**197,633**	203,048	187,392	**181,060**	187,456	175,204
CURRENT LIABILITIES							
Trade and other payables	24	**(29,191)**	(24,929)	(24,457)	**(27,799)**	(23,439)	(23,269)
Borrowings	25	**(22,784)**	(1,695)	(1,164)	**(22,784)**	(1,695)	(1,164)
Provisions	26	**(198)**	(713)	(292)	**(198)**	(713)	(292)
TOTAL CURRENT LIABILITIES		**(52,173)**	(27,337)	(25,913)	**(50,781)**	(25,847)	(24,725)
TOTAL ASSETS LESS CURRENT LIABILITIES		**145,460**	175,711	161,479	**130,279**	161,609	150,479
NON-CURRENT LIABILITIES							
Borrowings	25	**(20,271)**	(42,897)	(33,306)	**(20,271)**	(42,897)	(33,306)
Provisions	26	**(1,144)**	(275)	(320)	**(1,144)**	(275)	(320)
TOTAL NON CURRENT LIABILITIES		**(21,415)**	(43,172)	(33,626)	**(21,415)**	(43,172)	(33,626)
TOTAL ASSETS EMPLOYED		**124,045**	132,539	127,853	**108,864**	118,437	116,853
FINANCED BY:							
TAXPAYERS' EQUITY							
Minority Interest		**50**	42	35	**-**	-	-
Public dividend capital	35	**58,650**	57,297	55,957	**58,650**	57,297	55,957
Revaluation reserve		**61,193**	61,827	57,168	**61,193**	61,827	57,168
Income and expenditure reserve		**(9,779)**	345	4,530	**(10,979)**	(687)	3,728
Charitable fund reserves	36	**13,931**	13,028	10,163	**-**	-	-
TOTAL TAXPAYERS EQUITY		**124,045**	132,539	127,853	**108,864**	118,437	116,853

The notes on pages 5 to 49 form an integral part of these financial statements.
The financial statements on pages 1 to 49 were approved by the Board on 22 June 2020 and signed on its behalf by:

Signed:

Cara Charles-Barks - Chief Executive

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS EQUITY
31 MARCH 2020

	Public dividend capital (PDC)	Restated Income and expenditure reserve	Restated Revaluation reserve	Minority interest	Restated NHS Charitable Funds reserve	Total taxpayers' equity
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2018 as previously stated	**55,957**	**2,968**	**54,827**	**35**	**14,066**	**127,853**
Prior year adjustment	**-**	**1,562**	**2,341**	**-**	**(3,903)**	**-**
Taxpayers' and Others' Equity at 1 April 2018	**55,957**	**4,530**	**57,168**	**35**	**10,163**	**127,853**
Changes in taxpayers' equity for 2018/19						
Retained surplus/(deficit) for the year	-	(4,389)	-	7	3,022	**(1,360)**
Other recognised gains and losses	-	-	-	-	-	**-**
Net gain/(loss) on revaluation of property plant and equipment	-	-	4,659	-	-	**4,659**
Transfers between reserves	-	-	-	-	-	**-**
Revaluations and impairments - charitable fund assets	-	-	-	-	47	**47**
Fair Value gains/(losses) on Available-for-sale financial investments	-	-	-	-	-	**-**
Other reserve movements	-	204	-	-	(204)	**-**
Public dividend capital received in year	1,340	**-**	**-**	**-**	**-**	**1,340**
Balance at 31 March 2019	**57,297**	**345**	**61,827**	**42**	**13,028**	**132,539**
Changes in taxpayers' equity for 2019/20						
Retained surplus/(deficit) for the year	-	(10,917)	-	8	1,503	**(9,406)**
Other recognised gains and losses	-	-	-	-	-	**-**
Impairment of property plant and equipment	-	13	(13)	-	-	**-**
Net gain/(loss) on revaluation of property plant and equipment	-	-	(444)	-	-	**(444)**
Transfers between reserves	-	-	-	-	-	**-**
Revaluations and impairments - charitable fund assets	-	-	-	**-**	**3**	**3**
Fair Value gains/(losses) on Available-for-sale financial investments	-	-	-	**-**	**-**	**-**
Other reserve movements	-	780	(177)	**-**	**(603)**	**-**
Public dividend capital received in year	1,353	-	-	**-**	**-**	**1,353**
Balance at 31 March 2020	**58,650**	**(9,779)**	**61,193**	**50**	**13,931**	**124,045**

The notes on pages 5 to 49 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Note	Group 2020 £000	Group 2019 £000	Trust 2020 £000	Trust 2019 £000
CASH FLOWS FROM OPERATING ACTIVITIES					
Total operating surplus/ (deficit)		**(3,158)**	4,162	**(5,031)**	1,537
NON-CASH INCOME AND EXPENSE					
Depreciation and amortisation charge	7	**11,204**	9,531	**10,982**	9,074
Impairments	7	**19**	1,203	**19**	1,203
Non-cash donations credited to income		**(606)**	(207)	**(606)**	(207)
(Increase)/ decrease in trade and other receivables	21	**7,776**	(9,042)	**9,012**	(8,952)
(Increase)/ decrease in inventories	20	**(744)**	(556)	**(1,052)**	(33)
Increase/ (decrease) in trade and other payables	24	**4,092**	727	**4,090**	531
Increase/ (decrease) in provisions	26	**353**	375	**(295)**	375
NHS charitable funds - net adjustments for working capital movements, non-cash transactions and non-operating cash flows		**(400)**	57	**-**	-
Net cash inflow from operating activities		**18,536**	6,250	**17,119**	3,528
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		**113**	54	**108**	117
Purchase of financial assets		**-**	-	**-**	-
Payments to acquire property, plant and equipment	17	**(6,683)**	(7,432)	**(6,626)**	(7,307)
Receipts from sale of property, plant and equipment		**-**	466	**-**	466
Payments to acquire intangible assets	16	**(2,436)**	(923)	**(2,436)**	(923)
NHS charitable funds - net cash flows from investing activities		**68**	55	**-**	-
Net cash (outflow) from investing activities		**(8,938)**	(7,780)	**(8,954)**	(7,647)
CASH FLOWS FROM FINANCING ACTIVITIES					
New public dividend capital received	35	**1,353**	1,340	**1,353**	1,340
Loan to subsidiary		**-**	-	**(700)**	(500)
Loan repayment received		**-**	-	**115**	462
Movement in loans from the Department of Health and Social Care	25	**(631)**	9,034	**(631)**	9,034
Capital element of finance lease rental payments		**(434)**	(529)	**(434)**	(529)
Capital element of Private Finance Initiative obligations	30	**(468)**	(488)	**(468)**	(488)
Interest paid		**(643)**	(528)	**(643)**	(528)
Interest element of finance lease rental payments		**(24)**	(29)	**(24)**	(29)
Interest element of Private Finance Initiative obligations	30	**(1,928)**	(1,919)	**(1,928)**	(1,919)
PDC dividend paid		**(3,194)**	(3,205)	**(3,194)**	(3,205)
Net cash inflow/ (outflow) from financing		**(5,969)**	3,676	**(6,554)**	3,638
Increase/ (decrease) in cash and cash equivalents		**3,629**	2,146	**1,611**	(481)
Cash and cash equivalents at the beginning of the financial year		**12,516**	10,370	**7,299**	7,780
Cash and cash equivalents at the end of the financial year	23	**16,145**	12,516	**8,910**	7,299

The notes on pages 5 to 49 form an integral part of these financial statements.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

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

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, inventories and certain financial assets and financial liabilities.

1.2 Going concern

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

It should be disclosed if there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and that it may therefore be unable to realise its assets and discharge its liabilities in the normal course of business.

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. The affected loans totalling £21.2m are classified as current liabilities within these financial statements. As the repayment of these loans will be funded through the issue of PDC, this does not present a going concern risk for the Trust.

The Trust submitted its draft plan to NHS I on 5/3/20, following approval by Trust Board. The draft plan sets out a deficit position of £15m for the year ending 31 March 2021. This does not include any central funding as the Trust was not able to sign up to its control total.

Plans for 2020/21 were not formally agreed with DHSC due to the advent of Covid-19. Nationally devised contracts are in place for the period to 31st July 2020 which provide assurance of sufficient income to meet all operating costs in the period. The Directors have a reasonable 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 DHSC. Whilst historically such support has been in the form of loans, following the announcement that all existing loans will be repaid using the issue of Public Dividend Capital (PDC), the Trust expects to receive additional PDC in 2020/21 to meet the deficit, but this has yet to be formally approved.

After making enquiries and considering the matters described above, there are no plans to transfer the service elsewhere and the Directors have a reasonable expectation that the Trust will secure adequate resources to continue in operational existence for the foreseeable future. Based on this assessment the Directors believe that it remains appropriate to prepare the accounts on a going concern basis. However, the matters referred to above represent a material uncertainty that may cast significant doubt on the Trust's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (CONTINUED)

1.3 Critical accounting estimates and judgements

International accounting standard IAS1 requires estimates, assumptions and judgements to be continually evaluated and to be based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The purpose of evaluation is to consider whether there may be a significant risk of causing material adjustment to the carrying value of assets and liabilities within the next financial year, compared to the carrying value in these accounts. The following significant assumptions and areas of estimation and judgement have been considered in preparing these financial statements.

The value of land, buildings and dwellings is £113.0 million (2019: £115.8m): This is the most significant estimate in the accounts and is based on the professional judgements of the Trust and Charity's independent valuers with extensive knowledge of the physical estate and market factors. The value does not take into account potential future changes in market value which cannot be predicted with any certainty.

Depreciation of buildings and dwellings is based on the estimated economic lives of those assets as determined by professional valuers. Depreciation of all other property, plant and equipment together with the amortisation of intangibles assets is based on the Trust's judgement of the remaining useful economic lives of the assets. The lives used for amortisation and depreciation purposes are disclosed in note 1.8 and 1.9 respectively.

1.4 Basis of Consolidation

1.4.1 NHS Charitable Fund

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

The consolidation is for reporting purposes only and does not affect the charity's legal and regulatory independence and day to day operations.

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

- recognise and measure them in accordance with the Trust's accounting policies; and
- eliminate intra-group transactions, balances, gains and losses.

Charitable donations and assets are maintained and administered separately and distinctly from those of the Trust by Charitable Trustees. By virtue of the fact that the patients and staff of Salisbury District Hospital are the beneficiaries of the charity's fundraising activities HM Treasury has mandated that the Trust must consolidate the charity's financial data to comply with International Financial Reporting Standards.

The key accounting policies of the charitable funds are included below in the relevant sections to which they relate.

1.4.2 Subsidiaries

Subsidiary entities are those over which the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines. The capital and reserves attributable to minority interests are included as a separate item in the Statement of Financial Position.

The amounts consolidated are drawn from the published financial statements of the subsidiaries for the previous year together with draft figures for the current year.

Where subsidiaries’ accounting policies are not aligned with those of the Trust (including where they report under UK FRS 102) then amounts are adjusted during consolidation where the differences are material. Inter-entity balances, transactions and gains/losses are eliminated in full on consolidation.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (CONTINUED)

1.4 Basis of Consolidation (continued)

Unless otherwise stated the notes to the accounts refer to the Group and not the Trust. Where the Trust's balances are materially different, these are stated separately.

1.4.3 Associates

Associate entities are those over which the Trust has the power to exercise a significant influence. Associate entities are recognised in the Trust's financial statement using the equity method. The investment is initially recognised at cost. It is increased or decreased subsequently to reflect the Trust's share of the entity's profit or loss or other gains and losses (e.g. revaluation gains on the entity's property, plant and equipment) following acquisition. It is also reduced when any distribution, e.g., share dividends are received by the Trust from the associate.

1.4.4 Joint ventures

Joint ventures are arrangements in which the Trust has joint control with one or more other parties, and where it has the rights to the net assets of the arrangement.

Joint ventures are accounted for using the equity method.

1.5 Income Recognition

1.5.1 Revenue from contracts with customers

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

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

Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

Revenue from NHS contracts

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

Revenue is recognised to the extent that collection of consideration is probable. Where contract challenges from commissioners are expected to be upheld, the Trust reflects this in the transaction price and derecognises the relevant portion of income.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (CONTINUED)

1.5 Income Recognition (continued)

Where the Trust is aware of a penalty based on contractual performance, the Trust reflects this in the transaction price for its recognition of revenue. Revenue is reduced by the value of the penalty.

The Trust does not receive income where a patient is readmitted within 30 days of discharge from a previous planned stay. This is considered an additional performance obligation to be satisfied under the original transaction price. An estimate of readmissions is made at the year end this portion of revenue is deferred as a contract liability.

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.

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

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

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

Education and training
Income for training and education is received from Health Education England. The Trust recognises the income when the conditions of the contract have been met.

1.5.2 Other forms of income

Revenue from subsidiary - Salisbury Trading Limited
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value addded tax and otehr sales taxes.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (CONTINUED)

1.5 Income Recognition (continued)

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

Income received by the Charity
Charitable incoming resources are recognised once the charity has entitlement to the resources, it is certain that the resources will be received and the monetary value of the incoming resources can be measured with sufficient reliability.

Legacy income is accounted for within the charity as incoming resources, either upon receipt, or where the receipt of the legacy is probable; this will be once confirmation has been received from the representatives of the estate(s) that payment of the legacy will be made, or property transferred, and once all conditions attached to the legacy have been fulfilled.

1.6 Expenditure on employee benefits

1.6.1 Short-term employee benefits

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

1.6.2 Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS employer, general practices and other bodies, allowed under the direction of Secretary of State for Health and Social Care in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme

The cost to the trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as they become due.

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

National Employment Savings Trust (NEST)

Employees that are not entitled to enrol on the NHS Pension Scheme are auto-enrolled into the Government NEST defined contribution workplace pension scheme.

Under the terms of the NEST scheme employees retain the right to opt-out after having been auto-enrolled.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

Subsidiary pension scheme

The subsidiary companies operate defined contribution schemes for employees who have contracts of employment directly with the companies. Employer's pension costs are charged to operating expenses as and when they become due.

These schemes comply with legislative requirements.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (CONTINUED)

1.7 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 operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

1.8 Intangible assets

1.8.1 Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust and where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

Internally generated intangible assets

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

Expenditure on research is not capitalised.

Expenditure on development is capitalised when it meets the requirements set out in IAS 38.

Software

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

1.8.2 Measurement

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

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

Amortisation

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

Useful lives of intangible assets

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

Software 1 - 8 Years

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (CONTINUED)

1.9 Property, plant and equipment

1.9.1 Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

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

Subsequent expenditure

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

1.9.2 Measurement

Valuation

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

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

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

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

For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and location requirements of the services being provided.

Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity. This basis has been applied to the trust's Private Finance Initiative (PFI) scheme where the construction is completed by a special purpose vehicle and the costs have recoverable VAT for the trust.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (CONTINUED)

1.9 Property, plant and equipment (continued)

The valuation exercise was carried out in March 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

Extract from valuers report:

"The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation under frequent review."

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

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

Depreciation

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

Buildings (excluding dwellings) 13 - 68 years
Dwellings 10 - 61 years
Plant and Machinery 4 - 43 years
Transport equipment 3 - 10 years
Information Technology 3 - 10 years
Furniture and Fittings 5 - 25 years

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

Asset lives were reduced as a result of a clarification of guidance issued by RICS during 2018-19 and applied by the Trust's professional valuers at 31 March 2019. This has impacted on depreciation charged to the Income and Expenditure account in the year, and will continue to do so in future years.

Property, plant and equipment which have been reclassified as 'held for sale' cease to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until the asset is brought into use.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (CONTINUED)

1.9 Property, plant and equipment (continued)

Revaluation gains and losses

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

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

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

Impairments

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

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

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

1.9.3 De-recognition

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

Following reclassification, the assets are measured at the lower of their existing carrying amount and their fair value less costs to sell. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds, less costs associated with the sale, and the carrying amount and is recognised in the Statement of Comprehensive Income. On disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings.

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

1.9.4 Donated, government grant and other grant funded assets

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

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

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (CONTINUED)

1.9 Property, plant and equipment (continued)

1.9.5 Private Finance Initiative (PFI) transactions

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as "on-Statement of Financial Position" by the Trust. In accordance with IAS 17, the underlying assets are recognised as property, plant and equipment at their fair value, together with an equivalent finance lease liability. Subsequently, the assets are accounted for as property, plant and equipment and/ or intangible assets as appropriate.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

a) Payment for the fair value of services received;
b) Payment for the PFI asset, including finance costs; and
c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

Services received

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

PFI Asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the Trust's approach for each relevant class of asset in accordance with the principles of IAS 16.

PFI liability

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

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

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

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

Lifecycle replacement

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

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

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

Assets contributed by the Trust to the operator for use in the scheme

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

Other assets contributed by the Trust to the operator

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

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (CONTINUED)

1.10 Investments

Investments in subsidiary undertakings, associates and joint ventures are treated as fixed asset investments and stated at cost.

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cash flow statement.

Investments in quoted stocks, shares, gilts and alternative investments are included in the Statement of Financial Position at mid-market price, ex-dividend.

All gains and losses are taken to the Statement of Comprehensive Income as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (or purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or value at purchase date if later).

1.11 Borrowing costs

Borrowing costs are recognised as expenses as they are incurred.

1.12 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured on the First In, First Out (FIFO) method. Work-in-progress comprises goods in intermediate stages of production. The Laundry stock value is based on the original cost less an adjustment to reflect usage, over a three year life (except for Towels and Scrub Suits which have a two year life), in determining an approximation of net realisable value.

1.13 Cash and cash equivalents

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

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

1.14 Financial assets and financial liabilities

1.14.1 Recognition

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

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

1.14.2 Classification and measurement

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

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

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

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

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (CONTINUED)

1.14.3 Financial assets and financial liabilities at amortised cost

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

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

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

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

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

1.14.4 Impairment of financial assets

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

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

The Trust does not normally recognise expected credit losses in relation to other NHS bodies.

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

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

1.14.5 De-recognition

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

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

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (CONTINUED)

1.15 Leases

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

1.15.1 The Trust as lessee

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

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

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

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

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

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

1.15.2 The Trust as lessor

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

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

1.16 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation.

1. ACCOUNTING POLICIES (CONTINUED)

1.16 Provisions (Continued)

Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective for 31 March 2020:

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

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

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

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

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at note 26 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

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

1.17 Contingencies

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

Contingent liabilities are not recognised unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

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

1.18 Public dividend capital

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

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.

1. ACCOUNTING POLICIES (CONTINUED)

1.18 Public dividend capital (continued)

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

(i) donated assets (including lottery funded assets);
(ii) assets purchased in response to COVID 19;
(iii) average daily cash balances held with the Government Banking Service (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility; and
(iv) any PDC dividend balance receivable or payable.

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

1.19 Value Added Tax

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

1.20 Corporation Tax

The Trust does not have a corporation tax liability for the year 2019/20 (2018/19 £nil). Tax may be payable by the Trust on activities described below:

- The activity is not related to the provision of core healthcare as defined under Section 14(1) of the HSCA. Private Healthcare falls under this legislation and is not therefore taxable.
- The activity is commercial in nature and competes with the private sector. In house trading activities are normally ancillary to the core healthcare objectives and are therefore not subject to tax.
- Annual profits from the activity must exceed £50,000

The Trust's subsidiary companies have made a modest profit leading to a corporation tax liability of £77k (2018/19: £62k).

1.21 Foreign exchange

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

Where the Trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items are translated at the spot exchange rate on 31 March
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

1.22 Third party assets

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

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (CONTINUED)

1.23 Losses and Special Payments

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

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

1.24 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.

1.25 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2019/20.

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

IFRS 16 Leases

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

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

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

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

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (CONTINUED)

1.26 Standards, amendments and interpretations in issue but not yet effective or adopted (continued)

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.

1.27 Prior Year Adjustment

Adjustments for misstatements detected subsequent to the year-end are made to the prior year financial statements only where the amount of the adjustment would distort the current year's values and prevent the financial statements from presenting a true and fair view of the Group or Trust's results and financial position.

During the current year, the Trust has made a prior year adjustment in respect of removing properties built on the Salisbury District Hospital site from the Charity's accounts and accounting for them as donated assets in the Trust's books of account.

The change in accounting treatment has not impacted on the Group's consolidated position as the Charity is treated as a subsidiary, as indicated in accounting policy note 1.4.1.

Further details of these adjustments are given in Note 37.

2. Segmental Analysis

Group and Trust

The business activities of the Group can be summarised as that of 'healthcare'. The Trust's activities comprise five key operating areas where costs are closely monitored during the year. The chief operating decision maker for Salisbury NHS Foundation Trust is the Trust Board. Key decisions are agreed at monthly Board meetings and sub-committee meetings of the Board, following scrutiny of performance and resource allocation. The Trust Board review and make decisions on activity and performance of the Trust as a whole entity, not for its separate business activities. The activities of the subsidiary companies, Odstock Medical Limited and Salisbury Trading Limited, and of the charity, Salisbury District Hospital Charitable Fund, are not considered sufficiently material to require separate disclosure.

NOTES TO THE ACCOUNTS

3 Revenue From Patient Care Activities

Group and Trust

3.1 Revenue by Type

	2020	2019
	£000	£000
Elective revenue	**34,065**	34,676
Non-elective revenue	**69,791**	56,688
Outpatient revenue	**31,827**	31,018
A & E revenue	**8,732**	6,813
High cost drugs income from commissioners	**18,515**	15,365
Other types of activity revenue	**42,230**	54,512
Total revenue at full tariff	**205,160**	199,072
Private patient revenue	**2,118**	2,390
Agenda for Change pay award central funding from DHSC	**-**	2,571
Additional pension contribution centrally funded	**6,436**	-
Other clinical income	**8,907**	6,642
Total income from patient care activities	**222,621**	210,675

Other types of activity revenue above includes amounts due for specialist services (e.g. spinal, burns, genetics, cleft lip and palate), direct access, intensive care, community and hospice services.

3.2 Revenue by Source

	2020	2019
	£000	£000
NHS England	**49,762**	42,952
Clinical commissioning groups	**160,927**	152,636
Department of Health and Social Care	**19**	2,586
Other NHS providers	**4,646**	3,881
NHS other	**609**	263
Local authorities	**1,546**	1,691
Non NHS:		
- Private patients	**2,118**	2,390
- Overseas patients (chargeable to patient)	**158**	92
- NHS Injury cost rcovery scheme	**1,345**	990
- Other	**1,491**	3,194
	222,621	210,675

NHS Injury Scheme revenue is subject to a provision for doubtful debts of 21.79% (2019: 21.89%) to reflect expected rates of collection. The doubtful debt provision is included in the allowance for impaired contract receivables included in note 21.1.

3.3 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:

	2020	2019
	£000	£000
Commissioner requested services	**197,618**	189,165
Non-commissioner requested services	**25,003**	21,510
	222,621	210,675

NOTES TO THE ACCOUNTS

4. Private patient revenue

The Health & Social Care Act 2012 removed the restriction on the amount a Foundation Trust could earn from private patient income as a percentage of total income, provided a ceiling of 49% is not exceeded for non-NHS income.

Salisbury NHS Foundation Trust private patient income in 2019/20 (and 2018/19) was substantially below the revised level permitted.

5. Other operating revenue

	Group		Trust	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Provider sustainability fund / Financial recovery fund / Marginal rate emergency tariff funding (PSF/FRF/MRET)	**4,626**	5,355	**4,626**	5,355
Research and development	**926**	1,031	**926**	1,031
Education and training	**8,392**	7,704	**8,392**	7,704
Non-patient care services to other bodies	**2,483**	1,682	**2,483**	1,682
Received from NHS charities - donated assets	**-**	-	**606**	207
Salisbury Trading Limited	**8,513**	7,165	**-**	-
NHS Charitable Funds: Incoming Resources excluding investment income	**3,736**	3,860	**-**	-
Odstock Medical Limited	**1,996**	2,070	-	-
Accommodation	**1,380**	1,459	**1,380**	1,459
Car Parking	**1,815**	1,768	**1,815**	1,768
Catering	**1,027**	1,043	**1,027**	1,043
Other	**3,212**	4,198	**3,663**	4,849
	38,106	37,335	**24,918**	25,098

Included within 'Other' revenue above are amounts received from child care services £nil (2019: £14k), income to support the Scan4Safety project £nil (2019: £300k), Leisure Centre income £221k (2019: £224k), income from the rent and hire of rooms £191k (2019: £165k), provision of administrative services to Sterile Supplies Ltd £365k (2019: £551K), Vat recoveries £149k (2019: £238k), Hospice at Home service £134k (2019: £280k) and provision of payroll services to other organisations £1,488k (2019: £1,316k)

6. Operating lease income

6.1 As lessor

The Trust has entered into short term commercial leases on buildings, which primarily relate to the rental of an area within the hospital main entrance to a high street retailer and properties rented to subsidiary companies.

6.2 Receipts recognised as income

	Group		Trust	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Rental revenue from operating leases - minimum lease receipts	**181**	194	**427**	596

6.3 Total future minimum lease income

	Group		Trust	
	2020	2019	**2020**	2019
Receivable:	**£000**	£000	**£000**	£000
Within 1 year	**75**	38	**240**	190
Between 1 and 5 years	**71**	12	**670**	12
After 5 years	**-**	-	**100**	-
Total	**146**	50	**1,010**	202

NOTES TO THE ACCOUNTS

7. Operating Expenses

Operating expenses comprise:

	Group		Trust	
				Restated
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Purchase of healthcare from NHS and DHSC bodies	**3,684**	3,510	**3,684**	3,510
Purchase of healthcare from non-NHS and non-DHSC bodies	**3,493**	1,908	**3,493**	1,908
Staff and executive directors costs	**167,996**	151,738	**161,751**	146,045
Non-executive directors	**142**	146	**142**	146
Supplies and services – clinical (excluding drugs costs)	**22,869**	22,847	**22,714**	22,847
Supplies and services - general	**4,824**	3,423	**3,511**	3,305
Drugs costs (drugs inventory consumed and purchase of non-inventory drugs)	**21,222**	20,816	**21,222**	20,816
Consultancy	**322**	203	**322**	203
Establishment	**2,762**	2,305	**2,762**	2,305
Premises	**10,773**	10,711	**9,973**	9,892
Transport	**2,171**	1,895	**1,587**	1,230
Depreciation	**9,151**	7,270	**8,868**	6,990
Amortisation	**2,053**	2,261	**2,053**	2,261
Impairments net of (reversals)	**19**	1,203	**19**	1,203
Increase/(decrease) in impairment of receivables	**32**	168	**32**	168
Provisions arising /(released) in year	**(37)**	480	**(37)**	480
Operating lease expenditure (net)	**92**	75	**134**	116
Audit services - statutory audit	**82**	69	**82**	69
Fees payable to the Trust's auditor and its associates for other services:			**-**	-
- further assurance services	**-**	10	**-**	10
- other services	**10**	8	**-**	-
Clinical negligence insurance premiums	**6,435**	7,368	**6,435**	7,368
Charges to operating expenditure for on-SoFP PFI scheme	**1,074**	1,020	**1,074**	1,020
Other	**4,716**	4,414	**2,749**	2,344
	263,885	243,848	**252,570**	234,236

The total employer's pension contributions are disclosed in note 9.1.

Redundancy payments totalling £nil (2019: £0.003m) are included in staff costs and further details are disclosed in note 9.4.

There is a limitation on the Auditor's liability of £2.0m (2019: £2.0m). The fees payable to auditors for the statutory audit and additional services above are quoted gross of VAT at 20%, reflecting the Trust's inability to reclaim VAT on this type of expenditure.

Other expenses include payments for course fees £0.5m (2019: £0.4m), insurance fees £0.3m (2019: £0.3m), legal fees £0.1m (2019: £0.1m), internal audit fees £0.1m (2019: £0.1m) and costs attributable to the Trust's subsidiary companies, Odstock Medical Limited £nil (2019: £0.9m) and Salisbury Trading Limited £0.9m (2019: £0.3m). In addition it also includes charitable fund expenses of £1.0m (2019: £0.9m).

8. Operating leases expenditure

8.1 As lessee

The Group has entered into commercial leases on certain items of property, motor vehicles and equipment. The principal arrangements are in respect of motor vehicles. For these, rentals are for an agreed mileage over a three year term. Excess mileage is charged at a price per mile determined at the inception of the lease.

8.2 Payments recognised as expense

	Group		Trust	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Minimum lease payments	**92**	75	**134**	116

8.3 Total future minimum lease payments

	Group		Trust	
	2020	2019	**2020**	2019
Payable:	**£000**	£000	**£000**	£000
Within 1 year	**56**	46	**97**	88
Between 1 and 5 years	**68**	82	**116**	172
After 5 years	**-**	-	**-**	-
Total	**124**	128	**213**	260

NOTES TO THE ACCOUNTS

9. Staff costs and numbers

9.1 Staff costs

Group	Total 2020 £000	Permanently Employed 2020 £000	Other 2020 £000	Total 2019 £000	Permanently Employed 2019 £000	Other 2019 £000
Salaries and wages	**127,620**	**127,620**	**-**	118,749	118,749	-
Social Security Costs	**12,149**	**12,149**	**-**	10,626	10,626	-
Apprenticeship levy	**619**	**619**	**-**	573	573	-
Employer contributions to NHSPA	**14,860**	**14,860**	**-**	13,866	13,866	-
Employer contributions to NHSPA paid by NHSE on provider's behalf (6.3%)	**6,436**	**6,436**	**-**	-	-	-
Other pension costs	**37**	**37**	**-**	20	20	-
Agency and contract staff	**6,635**	**-**	**6,635**	8,431	-	8,431
	168,356	**161,721**	**6,635**	152,265	143,834	8,431
Less: costs of staff capitalised	**(360)**	**(360)**	**-**	(527)	(527)	-
	167,996	**161,361**	**6,635**	151,738	143,307	8,431

The staff costs capitalised in 2019-20 and 2018-19 relate to staff engaged in the design and implementation of building and IT projects as part of the Trust's capital programme.

Trust	Total 2020 £000	Permanently Employed 2020 £000	Other 2020 £000	Total 2019 £000	Permanently Employed 2019 £000	Other 2019 £000
Salaries and wages	**122,799**	**122,799**	**-**	114,563	114,563	-
Social Security Costs	**12,149**	**12,149**	**-**	10,626	10,626	-
Apprenticeship levy	**619**	**619**		573	573	
Employer contributions to NHSPA	**14,818**	**14,818**	**-**	13,822	13,822	-
Employer contributions to NHSPA paid by NHSE on provider's behalf (6.3%)	**6,436**	**6,436**	**-**	-	-	-
Other pension costs	**35**	**35**	**-**	18	18	-
Agency and contract staff	**5,235**	**-**	**5,235**	6,970	-	6,970
	162,091	**156,856**	**5,235**	146,572	139,602	6,970
Less: costs of staff capitalised	**(360)**	**(360)**	**-**	(527)	(527)	-
	161,731	**156,496**	**5,235**	146,045	139,075	6,970

9.2 Average number of persons employed - WTE basis

Group	Total 2020 Number	Permanently Employed 2020 Number	Other 2020 Number	Total 2019 Number	Permanently Employed 2019 Number	Other 2019 Number
Medical and dental	**413**	**405**	**8**	400	392	8
Administration and estates	**1,103**	**1,044**	**59**	1,078	1,007	71
Healthcare assistants & other support staff	**699**	**693**	**6**	671	662	9
Nursing, midwifery & health visiting staff	**942**	**919**	**23**	885	834	51
Scientific, therapeutic and technical staff	**441**	**424**	**17**	435	419	16
Total	**3,598**	**3,485**	**113**	3,469	3,314	155

Trust	Total 2020 Number	Permanently Employed 2020 Number	Other 2020 Number	Total 2019 Number	Permanently Employed 2019 Number	Other 2019 Number
Medical and dental	**413**	**405**	**8**	400	392	8
Administration and estates	**1,016**	**1,009**	**7**	963	952	11
Healthcare assistants & other support staff	**698**	**692**	**6**	671	662	9
Nursing, midwifery & health visiting staff	**942**	**919**	**23**	885	834	51
Scientific, therapeutic and technical staff	**433**	**418**	**15**	419	403	16
Total	**3,502**	**3,443**	**59**	3,338	3,243	95

The figure shown under the 'Other' column relates to agency staff, disclosed under the operational areas where they worked.

NOTES TO THE ACCOUNTS

9. Staff costs and numbers (continued)

9.3 Directors' remuneration

	Group and Trust	
	2020	2019
	£000	£000
Salaries and wages	**965**	930
Social Security Costs	**118**	113
Employer contributions to Pension Schemes	**108**	109
Employer contributions to NHSPA paid by NHSE on provider's behalf (6.3%)	**47**	-
	1,238	1,152

The total number of Directors accruing benefits under pension schemes is 6 (2019: 6). The Directors Remuneration only relates to the Group.

9.4 Staff departure costs

Group and Trust

	2020 No. of compulsory redundancies	**2020 No. of other agreed departures**	2019 No. of compulsory redundancies	2019 No. of other agreed departures
Exit package cost band				
< £10,000	**-**	**4**	1	1
£10,001 - £25,000	**-**	**1**	-	2
Total number of exit packages by type	**-**	**5**	1	3
	£000	**£000**	£000	£000
Total resource costs	**-**	**24**	3	34

There were no compulsory redundancy costs relating to senior managers in the year.

There were no non-compulsary departure payments (2019: nil).

10 Pension costs

The total cost charged to income in respect of the Group's obligations to the NHS Pension Agency and the defined contribution schemes for Odstock Medical Limited and Salisbury Trading Limited was £14.86m (2019: £13.86m). With the exception of employer contributions to NHSPA paid by NHSE on provider's behalf (6.3%), as at 31 March 2020, contributions of £2.16m (2019: £1.96m) due in respect of the current reporting period (representing the contributions for the final month of the year) had not been paid over to the schemes by the balance sheet date.

10.1 NHS Pension Schemes

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

NOTES TO THE ACCOUNTS

10.1 Pension costs (continued)

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on 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 scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

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

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

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

11. Retirements due to ill-health

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

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

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

During the year to 31 March 2020 there were 2 (2019: nil) early retirements from the Trust on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £114k (2019: £nil). The cost of the 2020 ill-health retirements will be borne by the NHS Business Services Authority -Pensions Division.

NOTES TO THE ACCOUNTS

12. Finance income

	Group		Trust	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Interest received	**454**	346	**208**	135
Other loans and receivables	**-**	-	**57**	63
	454	346	**265**	198

13. Finance costs

Group and Trust

	2020	2019
	£000	£000
Interest on capital loans from the Department of Health and Social Care (DHSC)	**61**	71
Revenue support / working capital loans from DHSC	**578**	492
Interest on obligations under finance leases	**24**	29
Finance costs on obligations under Private Finance Initiatives	**1,161**	1,193
Contingent finance costs - PFI	**767**	726
Total finance expense - financial liabilities	**2,591**	2,511
Other finance costs - unwinding of discounts on provisions	**1**	1
Total	**2,592**	2,512

14. The Late Payment of Commercial Debts (Interest) Act 1998

There were no amounts payable arising from claims made by businesses under this legislation (2019: £Nil).

15. Losses and special payments

	Group and Trust			
	2020		2019	
	Number	**Value**	Number	Value
		£000		£000
Losses				
Bad debts and claims abandoned	**501**	**18**	600	97
Stores losses	**1**	**43**	-	-
	502	**61**	600	97
Special payments				
Compensation payments	**1**	**-**	-	-
Ex-gratia payments	**38**	**47**	41	47
	39	**47**	41	47
Total losses and special payments	**541**	**108**	641	144

There were no case payments that exceeded £0.1m.

NOTES TO THE ACCOUNTS

16. Intangible Assets

16.1 Intangible assets at the balance sheet date comprise the following elements:

Group and Trust

	Assets under Construction £000	Software Licences £000	Total £000
Cost or valuation			
At 1 April 2019	201	14,124	14,325
Additions - purchased	2,436	-	2,436
Additions - donated	-	55	55
Impairments charged to operating expenses	-	-	-
Reclassifications	(1,000)	1,000	-
Disposals	-	-	-
At 31 March 2020	**1,637**	**15,179**	**16,816**
Amortisation			
At 1 April 2019	-	5,935	5,935
Provided during the period	-	2,053	2,053
Impairments charged to operating expenses	-	-	-
Disposals	-	-	-
Amortisation at 31 March 2020	**-**	**7,988**	**7,988**
Net book value at 31 March 2020			
- Purchased at 31 March 2020	1,637	7,137	8,774
- Donated at 31 March 2020	-	54	54
Total at 31 March 2020	**1,637**	**7,191**	**8,828**

Cost or valuation			
At 1 April 2018	2,364	11,527	13,891
Additions - purchased	923	-	923
Additions - donated	-	25	25
Impairments charged to operating expenses	(123)	(85)	(208)
Reclassifications	(2,963)	2,963	-
Disposals	-	(306)	(306)
At 31 March 2019	**201**	**14,124**	**14,325**
Amortisation			
At 1 April 2018	-	3,992	3,992
Provided during the period	-	2,261	2,261
Impairments charged to operating expenses	-	(12)	(12)
Disposals	-	(306)	(306)
Amortisation at 31 March 2019	**-**	**5,935**	**5,935**
Net book value at 31 March 2019			
- Purchased at 31 March 2019	201	8,164	8,365
- Donated at 31 March 2019	-	25	25
Total at 31 March 2019	**201**	**8,189**	**8,390**

NOTES TO THE ACCOUNTS

17. Property, plant and equipment

Group

17.1 Property, Plant and equipment at the balance sheet date comprise the following elements:

	Freehold land	Freehold buildings excluding dwellings	Freehold dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2019	1,170	106,121	8,520	138	68,836	361	12,337	3,769	201,252
Additions - purchased	-	421	-	6,487	57	-	-	-	6,965
Additions - donated	-	-	-	-	467	-	-	84	551
Impairments	-	-	-	(19)	-	-	-	-	(19)
Reclassifications	-	379	206	(3,165)	1,888	-	658	34	-
Revaluation	545	(3,393)	(933)	-	-	-	-	-	(3,781)
Transfer to assets held for sale	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(734)	-	-	(5)	(739)
At 31 March 2020	**1,715**	**103,528**	**7,793**	**3,441**	**70,514**	**361**	**12,995**	**3,882**	**204,229**
Accumulated depreciation									
At 1 April 2019	-	-	-	-	50,042	320	6,468	2,172	59,002
Provided during the period	-	3,102	238	-	3,927	12	1,565	307	9,151
Revaluation	-	(3,102)	(238)	-	-	-	-	-	(3,340)
Impairments	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(664)	-	-	(3)	(667)
Accumulated depreciation at 31 March 2020	**-**	**-**	**-**	**-**	**53,305**	**332**	**8,033**	**2,476**	**64,146**
Net book value at 31 March 2019									
Owned	1,170	85,762	8,520	138	16,084	41	4,011	1,309	117,035
Finance leased	-	-	-	-	188	-	1,845	-	2,033
On balance sheet PFI	-	19,269	-	-	-	-	-	-	19,269
Donated	-	1,090	-	-	2,522	-	13	288	3,913
Total at 31 March 2019	**1,170**	**106,121**	**8,520**	**138**	**18,794**	**41**	**5,869**	**1,597**	**142,250**
Net book value at 31 March 2020									
Owned	1,715	82,906	7,793	3,441	17,044	29	3,505	1,406	117,839
Finance leased	-	-	-	-	165	-	1,457	-	1,622
On-SoFP PFI	-	20,622	-	-	-	-	-	-	20,622
Donated	-	-	-	-	-	-	-	-	-
Total at 31 March 2020	**1,715**	**103,528**	**7,793**	**3,441**	**17,209**	**29**	**4,962**	**1,406**	**140,083**

On 31 March 2020 Gerald Eve LLP revalued the Trust's land, buildings and dwellings on a Modern Equivalent Asset basis in accordance with the guidance included in the Royal Institution of Chartered Surveyors Valuation Standards. As a result, these assets were revalued to bring them to their current value at that date. (see note 17.5 Valuation Report)

NOTES TO THE ACCOUNTS

17. Property, plant and equipment (continued)

Group

17.2 Property, plant and equipment at the previous balance sheet date comprise the following elements:

	Freehold land	Freehold buildings excluding dwellings	Freehold dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2018	1,155	102,048	8,486	1,281	66,057	361	19,798	3,661	202,847
Additions - purchased	-	-	-	8,995	134	-	-	-	9,129
Additions - donated	-	7	-	-	132	-	6	37	182
Impairments	-	-	-	(903)	-	-	-	-	(903)
Reclassifications	-	1,537	-	(9,235)	3,436	-	4,191	71	-
Revaluation	15	2,567	34	-	-	-	-	-	2,616
Disposals	-	(38)	-	-	(923)	-	(11,658)	-	(12,619)
At 31 March 2019	**1,170**	**106,121**	**8,520**	**138**	**68,836**	**361**	**12,337**	**3,769**	**201,252**
Accumulated depreciation									
At 1 April 2018	-	38	-	-	47,064	311	17,158	1,859	66,430
Provided during the period	-	1,921	169	-	3,890	9	968	313	7,270
Revaluation	-	(1,921)	(169)	-	-	-	-	-	(2,090)
Impairments	-	-	-	-	-	-	-	-	-
Disposals	-	(38)	-	-	(912)	-	(11,658)	-	(12,608)
Accumulated depreciation at 31 March 2019	**-**	**-**	**-**	**-**	**50,042**	**320**	**6,468**	**2,172**	**59,002**
Net book value at 31 March 2018									
Owned	1,155	81,835	8,546	1,281	15,865	50	2,616	1,494	112,842
Finance leased	-	-	-	-	211	-	-	-	211
On-SoFP PFI	-	19,049	-	-	-	-	-	-	19,049
Donated	-	1,066	-	-	2,917	-	24	308	4,315
Total at 31 March 2018	**1,155**	**101,950**	**8,546**	**1,281**	**18,993**	**50**	**2,640**	**1,802**	**136,417**
Net book value at 31 March 2019									
Owned	1,170	85,762	8,520	138	16,084	41	4,011	1,309	117,035
Finance leased	-	-	-	-	188	-	1,845	-	2,033
On-SoFP PFI	-	19,269	-	-	-	-	-	-	19,269
Donated	-	1,090	-	-	2,522	-	13	288	3,913
Total at 31 March 2019	**1,170**	**106,121**	**8,520**	**138**	**18,794**	**41**	**5,869**	**1,597**	**142,250**

On 31 March 2019 Cushman and Wakefield reviewed the Trust's land, buildings and dwellings on a Modern Equivalent Asset basis in accordance with the guidance included in the Royal Institution of Chartered Surveyors Valuation Standards. As a result, these assets were revalued to bring them to their current value at that date.

NOTES TO THE ACCOUNTS

17. Property, plant and equipment (continued)

Trust

17.3 Property, Plant and equipment at the balance sheet date comprise the following elements:

	Freehold land	Restated Freehold buildings excluding dwellings	Freehold dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Restated Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2019	390	106,121	7,555	138	65,458	339	12,337	3,769	196,107
Additions - purchased	-	421	-	6,487	-	-	-	-	6,908
Additions - donated	-	-	-	-	467	-	-	84	551
Impairments	-	-	-	(19)	-	-	-	-	(19)
Reclassifications	-	379	206	(3,165)	1,888	-	658	34	-
Revaluation	550	(3,393)	(908)	-	-	-	-	-	(3,751)
Transfer to assets held for sale	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(734)	-	-	(5)	(739)
At 31 March 2020	**940**	**103,528**	**6,853**	**3,441**	**67,079**	**339**	**12,995**	**3,882**	**199,057**
Accumulated depreciation									
At 1 April 2019	-	-	-	-	47,586	302	6,468	2,172	56,528
Provided during the period	-	3,102	205	-	3,681	8	1,565	307	8,868
Revaluation	-	(3,102)	(205)	-	-	-	-	-	(3,307)
Impairments	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(664)	-	-	(3)	(667)
Accumulated depreciation at 31 March 2020	**-**	**-**	**-**	**-**	**50,603**	**310**	**8,033**	**2,476**	**61,422**
Net book value at 31 March 2019									
Owned	390	81,591	7,555	138	15,162	37	4,011	1,309	110,193
Finance leased	-	-	-	-	188	-	1,845	-	2,033
On balance sheet PFI	-	19,269	-	-	-	-	-	-	19,269
Donated	-	5,261	-	-	2,522	-	13	288	8,084
Total at 31 March 2019	**390**	**106,121**	**7,555**	**138**	**17,872**	**37**	**5,869**	**1,597**	**139,579**
Net book value at 31 March 2020									
Owned	940	77,636	6,853	3,441	13,814	29	3,493	1,098	107,304
Finance leased	-	-	-	-	165	-	1,457	-	1,622
On-SoFP PFI	-	20,622	-	-	-	-	-	-	20,622
Donated	-	5,270	-	-	2,497	-	12	308	8,087
Total at 31 March 2020	**940**	**103,528**	**6,853**	**3,441**	**16,476**	**29**	**4,962**	**1,406**	**137,635**

On 31 March 2020 Gerald Eve LLP revalued the Trust's land, buildings and dwellings on a Modern Equivalent Asset basis in accordance with the guidance included in the Royal Institution of Chartered Surveyors Valuation Standards. As a result, these assets were revalued to bring them to their current value at that date. (see Note 17.5 Valuation Report)

NOTES TO THE ACCOUNTS

17. Property, plant and equipment (continued)

Trust

17.4 Property, plant and equipment at the previous balance sheet date comprise the following elements:

	Freehold land	Restated Freehold buildings excluding dwellings	Freehold dwellings	Assets under construction and payments on account	Restated Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Restated Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2018 b fwd	390	98,047	7,581	1,281	62,064	339	19,798	3,661	193,161
Prior period adjustment	-	3,903	-	-	749	-	-	-	4,652
Cost or valuation at 1 April 2018 restated	390	101,950	7,581	1,281	62,813	339	19,798	3,661	197,813
Additions - purchased	-	-	-	8,995	-	-	-	-	8,995
Additions - donated	-	7	-	-	132	-	6	37	182
Impairments	-	-	-	(903)	-	-	-	-	(903)
Reclassifications	-	1,537	-	(9,235)	3,436	-	4,191	71	-
Revaluation	-	2,627	(26)	-	-	-	-	-	2,601
Disposals	-	-	-	-	(923)	-	(11,658)	-	(12,581)
At 31 March 2019	**390**	**106,121**	**7,555**	**138**	**65,458**	**339**	**12,337**	**3,769**	**196,107**
Accumulated depreciation at 1 April 2018 b fwd	-	-	-	-	44,107	293	17,158	1,859	63,417
Prior period adjustment	-	-	-	-	749	-	-	-	749
Accumulated depreciation at 1 April 2018 restated	-	-	-	-	44,856	293	17,158	1,859	64,166
Provided during the period	-	1,921	137	-	3,642	9	968	313	6,990
Revaluation	-	(1,921)	(137)	-	-	-	-	-	(2,058)
Disposals	-	-	-	-	(912)	-	(11,658)	-	(12,570)
Accumulated depreciation at 31 March 2019	**-**	**-**	**-**	**-**	**47,586**	**302**	**6,468**	**2,172**	**56,528**
Net book value at 31 March 2018									
Owned	390	77,932	7,581	1,281	14,829	46	2,616	1,494	106,169
Finance leased	-	-	-	-	211	-	-	-	211
On-SoFP PFI	-	19,049	-	-	-	-	-	-	19,049
Donated	-	4,969	-	-	2,917	-	24	308	8,218
Total at 31 March 2018	**390**	**101,950**	**7,581**	**1,281**	**17,957**	**46**	**2,640**	**1,802**	**133,647**
Net book value at 31 March 2019									
Owned	390	81,591	7,555	138	15,162	37	4,011	1,309	110,193
Finance leased	-	-	-	-	188	-	1,845	-	2,033
On-SoFP PFI	-	19,269	-	-	-	-	-	-	19,269
Donated	-	5,261	-	-	2,522	-	13	288	8,084
Total at 31 March 2019	**390**	**106,121**	**7,555**	**138**	**17,872**	**37**	**5,869**	**1,597**	**139,579**

On 31 March 2019 Cushman and Wakefield reviewed the Trust's land, buildings and dwellings on a Modern Equivalent Asset basis in accordance with the guidance included in the Royal Institution of Chartered Surveyors Valuation Standards. As a result, these assets were revalued to bring them to their current value at that date.

NOTES TO THE ACCOUNTS

17. Property, plant and equipment (continued)

17.5 Valuation Report

Gerald Eve performed the estate valuation exercise between February and April 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 (Red Book), the valuer has declared a 'material valuation uncertainty' in the valuation report. This is due to the impact of markets caused by the outbreak of Novel Coronavirus (Covid 19). The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Group.

Group and Trust

17.6 Net Book Value of Assets Held Under Finance Leases

	Plant & Machinery £000	Information technology £000	On-SoFP PFI £000	Total £000
Cost or valuation				
At 1 April 2019	844	1,943	19,269	22,056
Additions - Purchased	-	-	421	421
Revaluations	-	-	932	932
At 31 March 2020	**844**	**1,943**	**20,622**	**23,409**
Accumulated depreciation				
At 1 April 2019	656	97	-	753
Provided during the period	23	389	468	880
Revaluation	-	-	(468)	(468)
Accumulated depreciation at 31 March 2020	**679**	**486**	**-**	**1,165**
Net book value at 31 March 2020				
- Purchased	165	1,457	20,622	22,244
Total at 31 March 2020	**165**	**1,457**	**20,622**	**22,244**
Cost or valuation				
At 1 April 2018	844	-	19,049	19,893
Additions - purchased	-	1,943	366	2,309
Revaluation	-	-	(146)	(146)
At 31 March 2019	**844**	**1,943**	**19,269**	**22,056**
Accumulated depreciation				
At 1 April 2018	633	-	-	633
Provided during the period	23	97	288	408
Revaluation	-	-	(288)	(288)
Accumulated depreciation at 31 March 2019	**656**	**97**	**-**	**753**
Net book value at 31 March 2019				
- Purchased	188	1,846	19,269	21,303
Total at 31 March 2019	**188**	**1,846**	**19,269**	**21,303**

18. Investments

Non-current	**Group**		**Trust**	
	2019/20 £000	2018/19 £000	**2019/20 £000**	2018/19 £000
Carrying value at 1 April	**7,059**	6,779	-	-
Additions	**3,949**	2,658	-	-
Fair value (losses)/ gains taken to I & E	**(986)**	282	-	-
Fair value movements taken to OCI	**-**	-	-	-
Disposals	**(3,703)**	(2,660)	-	-
Carrying value at 31 March	**6,319**	7,059	-	-
Current				
Financial assets designated at amortised cost	**133**	201	**-**	-

Non-current investments represents an investment portfolio managed by HSBC Private Bank (UK) Limited on behalf of the charitable fund.

Current asset investments are the cash balances held by HSBC Private Bank (UK) Limited on behalf of the charitable fund and represents dividend income, interest income and the proceeds of fixed asset investment disposals which have not yet been reinvested.

NOTES TO THE ACCOUNTS

18. Investments (continued)

Fair value measurement of investments
Financial assets and financial liabilities measured at fair value in the Statement of Financial Position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: unobservable inputs for the asset or liability

The investments in the group financial statements are all level 1 investments and are measured at quoted prices at the date of the Statement of Financial Position.

19. Other financial assets

Non-current	**Group**		**Trust**	
	31 March 2020 £000	31 March 2019 £000	**31 March 2020 £000**	31 March 2019 £000
Carrying value at 1 April	**2,204**	2,123	**3,340**	3,721
Loans provided in year	**-**	-	**700**	-
Transfer from current assets			**962**	
Amortisation at the effective interest rate	**95**	81	**95**	81
Repayments in year	**-**	-	**(115)**	(462)
Carrying value at 31 March	**2,299**	2,204	**4,982**	3,340
Current				
Carrying value at 1 April	**-**	-	**962**	462
Transfer to non-current assets			**(962)**	
Loans provided in year	**-**	-	**-**	500
Carrying value at 31 March	**-**	-	**-**	962

Current other financial assets represent loans made to:
a) Salisbury Trading Limited to purchase laundry equipment and laundry stocks from Salisbury NHS Foundation Trust on the commencement of the subsidiary business due in less than one year; and
b) Salisbury Trading Limited to purchase laundry stocks following the successful tender to acquire new business.

Non-current other financial assets represent loans made to:
a) Salisbury Trading Limited to purchase laundry equipment and laundry stocks from Salisbury NHS Foundation Trust on the commencement of the subsidiary business due after more than one year: and
b) Sterile Supplies Limited to re-develop a new production facility with a third party.

Details of the loans to Salisbury Trading Limited are as follows:
1. £2.0m to purchase the laundry equipment is repayable over a 10 year term and attracts interest at 2% above the Bank of England base rate . Repayments commenced on 1 July 2015 but were deferred for two years from 1 July 2019. They are due to commence again on 1 July 2021, with no change to the original term of the loan.

2. £0.5m to purchase laundry stocks is repayable in full on 1st November 2021 and attracts interest at 3% above the Bank of England base rate.

3. £1.3m to purchase the laundry stock is repayable over a 5 year term and attracts interest at 2% above the Bank of England base rate. Repayments commenced on 1 July 2015 but were deferred for two years from 1 July 2019. They are due to commence again on 1 July 2021, with no change to the original term of the loan.

4. £0.7m to purchase the laundry stock is repayable over a 5 year term commencing on 1 July 2021 and attracts interest at 3.5% above the Bank of England base rate.

NOTES TO THE ACCOUNTS

19. Other financial assets (continued)

In March 2016 the Trust made a loan to its then wholly owned subsidiary company, Sterile Supplies Limited. The intention was for this sum to be used to help finance a joint venture arrangement with a third party, which will deliver cost savings into the future. Until the joint venture agreement was finalised and formal agreement signed, the loan remained repayable on demand.

During 2016-17 Sterile Supplies Limited became the joint venture vehicle between the Trust and a third party, Steris Plc (formerly Synergy Health Plc). As part of the joint venture agreement the Trust ceded control of Sterile Supplies Limited and the loan agreement was formalised as long term.

The long term loan of £2.0m is to assist the building and development of a new production facility. Loan repayments will commence when the building becomes operational. Interest is payable at 4% above the Bank of England base rate and is capitalised and added to the principal sum.

20. Inventories

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	**31 March 2020 £000**	31 March 2019 £000
Drugs	**1,656**	1,346	**1,656**	1,346
Consumables	**4,081**	3,316	**4,081**	3,316
Laundry	**1,454**	1,711	**-**	-
Other	**323**	397	**155**	178
	7,514	6,770	**5,892**	4,840
Inventories recognised as an expense in the period	**46,179**	46,397	**45,027**	45,325

21. Receivables

21.1 Amounts falling due after more than one year:

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	**31 March 2020 £000**	31 March 2019 £000
Clinician pension tax provision reimbursement funding from NHSE	**649**	-	**649**	-
	649	-	**649**	-
Of which receivables from NHS and DHSC group bodies:	**649**	-	**649**	-

21.2 Amounts falling due within one year:

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	**31 March 2020 £000**	31 March 2019 £000
Contract receivables	**12,849**	20,639	**11,603**	19,907
Allowance for impaired contract receivables / assets	**(1,569)**	(1,547)	**(1,569)**	(1,547)
Prepayments (non-PFI)	**3,358**	3,418	**3,290**	3,418
PDC dividend receivable	**145**	-	**145**	-
VAT receivable	**219**	745	**219**	745
Other receivables	**573**	300	**206**	238
	15,575	23,555	**13,894**	22,761
Of which receivables from NHS and DHSC group bodies:	**5,011**	13,614	**5,011**	13,614

NOTES TO THE ACCOUNTS

21. Trade and other receivables (continued)

The majority of transactions are with Clinical Commissioning Groups (CCGs) or NHS England's Specialist Commissioners, as commissioners for NHS patient care services. As CCGs and Specialist Commissioners are funded by government to buy NHS patient care services, no credit scoring of them is considered necessary.

At the year end, the Trust was owed £nil (2019 £4.4m) relating to the Provider Sustainability Fund.

The average credit period taken on sale of goods is 21.7 days (2019: 27.4 days). No interest is charged on trade receivables.

21.3 Allowance for credit losses - 2019/20

	Group receivables and contract assets £000	Group All other receivables £000	Trust receivables and contract assets £000	Trust All other receivables £000
Allowance for credit losses at 1 April 2019 - brought forward	**1,547**	**-**	**1,547**	**-**
New allowances arising	**32**	**-**	**32**	**-**
Utilisation of allowances (write offs)	**(10)**	**-**	**(10)**	**-**
Balance at 31 March 2020	**1,569**	**-**	**1,569**	**-**

An allowance for impairment is made where there is an identifiable event which, based on previous experience, is evidence that the monies will not be recovered in full.

21.4 Allowance for credit losses - 2018/19

	Group receivables and contract assets £000	Group All other receivables £000	Trust receivables and contract assets £000	Trust All other receivables £000
Allowance for credit losses at 1 April 2018 - brought forward (before IFRS 9 and IFRS 15 implementation)	-	1,455	-	1,455
Impact of implementing IFRS 9 (and IFRS 15) on 1	1,455	(1,455)	1,455	(1,455)
New allowances arising	168	-	168	-
Utilisation of allowances (write offs)	(76)	-	(76)	-
Balance at 31 March 2019	1,547	-	1,547	-

NOTES TO THE ACCOUNTS

22. Non-current assets for sale

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	**31 March 2020 £000**	31 March 2019 £000
Balance at beginning of year	-	570	-	570
Assets classified as held for sale in the year	-	-	-	-
Assets sold in the year	-	(570)	-	(570)
Balance at end of year	**-**	-	**-**	-

In 2017/18 the Trust exercised its covenant rights and acquired a property for £180k with the intention of an immediate resale. This property was sold in 2018-19.

23. Cash and cash equivalents

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	**31 March 2020 £000**	31 March 2019 £000
Balance at beginning of year	**12,516**	10,370	**7,476**	7,780
Net change in year	**3,629**	2,146	**1,611**	(304)
Balance at end of year	**16,145**	12,516	**9,087**	7,476
Made up of:				
Cash with Government Banking Service	**8,969**	7,374	**8,969**	7,374
Cash at commercial banks and in hand	**7,176**	5,142	**118**	102
Cash and cash equivalents as in balance sheet	**16,145**	12,516	**9,087**	7,476
Bank overdrafts	**-**	-	**-**	-
Cash and cash equivalents as in cash flow statement	**16,145**	12,516	**9,087**	7,476

24. Trade and other payables

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	**31 March 2020 £000**	31 March 2019 £000
Amounts falling due within one year:				
Trade payables	**12,470**	10,282	**11,070**	8,919
Capital payable	**2,944**	2,662	**2,944**	2,662
Accruals and deferred income	**770**	384	**770**	384
PDC payable	**-**	12	**-**	12
Receipts in advance	**1,802**	997	**1,802**	997
Social security and other taxes payable	**3,182**	3,111	**3,182**	3,111
Accrued interest	**-**	-	**-**	-
Other	**8,023**	7,481	**8,031**	7,354
	29,191	24,929	**27,799**	23,439
Of which payables from NHS and DHSC group bodies:	**3,686**	2,060	**3,686**	2,060

NOTES TO THE ACCOUNTS

24. Trade and other payables (continued)

Included in 'Other' payables is £2.1m (2019: £2.0m) oustanding pension contributions due to the NHS Pension Agency, £0.6m (2019: £0.6m) in respect of enhancements (e.g. unsociable hours, overtime, work performed whilst on-call) earned in March but not paid until April, £0.2m (2019: £0.2m) payable to bank staff for work performed in March and £0.2m (2019: £0.3m) due for agency staff, holiday pay £0.5m (2019: £0.1m), £1.0m (2019: £1.1m) for other payroll accruals, £0.6m (2019: £0.6m) drugs accrual and £0.4m (2019: £0.3m) PFI accrual.

All Trade and other payables are current liabilities.

25. Borrowings

Group and Trust	Current		Non-current	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£000	£000	**£000**	£000
Obligations under finance leases	**434**	434	**726**	1,160
Amounts due under PFI (note 30)	**479**	468	**16,701**	17,180
Capital loans from Department of Health and Social Care (DHSC)	**652**	655	**2,844**	3,475
Revenue support / working capital loans from DHSC	**21,219**	138	**-**	21,082
Other loans	**-**	-	**-**	-
	22,784	1,695	**20,271**	42,897

The finance leases relate to the purchase of medical equipment and hardware infrastructure. Both are for a term of 5 years. For the year ended 31 March 2020 the effective borrowing rates were 3.4% and 5.1% respectively. Interest rates are fixed at the contract date.

The capital loan from the Department of Health and Social Care is unsecured and for a 10 year period, repayable in equal instalments commencing on 18 May 2016. Interest is payable on the loan at a rate of 1.64% pa.

Department of Health and Social Care revenue support/ working capital loans taken out during 2017-18 and 2018-19 were repayable at the end of three year periods from the inception date of each loan; interest accruing at 1.5% - 3.5% per annum and payable twice yearly. However, after the reporting date (see note 38) DHSC, NHSE and NHSI announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Outstanding interim loans totalling £21,219k as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.

Amounts payable under finance leases:	Minimum lease payments		Present value of minimum lease payments	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Within one year	**459**	459	**434**	434
Between one and five years	**765**	1,223	**726**	1,160
After five years	**-**	-	**-**	-
	1,224	1,682	**1,160**	1,594
Less finance charges allocated to future periods	**(64)**	(88)		
	1,160	1,594		
Included within:				
Current borrowings			**434**	434
Non-current borrowings			**726**	1,160
			1,160	1,594

NOTES TO THE ACCOUNTS

26. Provisions for liabilities and charges

Group and Trust	Current		Non-current	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£000	£000	**£000**	£000
Pensions - early departure costs	24	28	**-**	20
Pensions - injury benefits	23	22	**250**	255
Legal claims	151	388	**-**	-
Clinician pension tax reimbursement	-	-	**649**	-
Other	-	275	**245**	-
	198	713	**1,144**	275

	Pensions - Early departure costs	Pensions - Injury benefits	Legal claims	Clinician pension tax	Other	**Total**
	£000	£000	£000	£000	£000	**£000**
At 1 April 2019	48	277	388	-	275	**988**
Change in the discount rate	-	12	-	-	-	**12**
Arising during the year	12	6	110	649	-	**777**
Utilised during the year	(24)	(23)	(194)	-	(30)	**(271)**
Reversed unused	(12)	-	(153)	-	-	**(165)**
Unwinding of discount	-	1	-	-	-	**1**
At 31 March 2020	**24**	**273**	**151**	**649**	**245**	**1,342**
Expected timing of cash flows:						
Within 1 year	24	23	151	-	-	**198**
1 - 5 years	-	91	-	649	-	**740**
5-10 years	-	159	-	-	245	**404**
	24	**273**	**151**	**649**	**245**	**1,342**

Pension provisions arise from early retirements which do not result from ill health. These liabilities are not funded by the NHS Pension Scheme.

Legal claims relate to the Trust's provision for personal injury, employee claims and a claim brought by a supplier outstanding at 31 March 2020. These are based on valuation reports provided by the Trust's legal advisers.

Clinician pension tax reimbursement provision arises in respect of clinicians who are members of the NHS Pension Scheme, and who as a result of work undertaken, face a tax charge in respect of the growth of their NHS pension benefits above their pension savings annual allowance threshold. Government policy is that the Trust will reimburse the NHS Pension Scheme on the retirement of the clinician in exchange for the Scheme paying the additional tax due.

Other provisions relate to the early termination of a supplier contract and additional tax liabilites following revised guidance by HMRC.

£76.2m is included in the provisions of NHS Resolution (previously the NHS Litigation Authority) at 31 March 2020 in respect of clinical negligence liabilities of the Trust (2019: £87.3m).

NOTES TO THE ACCOUNTS

27. Capital and other commitments

Capital commitments - Group and Trust

Commitments under capital expenditure contracts at the balance sheet date were £3.46m (2019: £1.09m).

Other commitments - Group and Trust

The Trust has entered an agreement with a third party organisation to help with the Campus development. The Trust will work with th organisation to apply jointly for planning permission to develop land adjoining the District Hospital site.

The work is limited to preparing for a planning application, including undertaking surveys and engagement with the wider public ar stakeholders.

The Trust has committed to a capped cost of £305k for this project.

28. Contingent liabilities

The Trust has agreed in principle to underwrite any loans to its subsidiary company, Odstock Medical Limited, up to a value of £0.5m.

29. Related Party Transactions

Salisbury NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health.

The Department of Health and Social Care is regarded as a related party. During the year ended 31 March 2020 the Foundation Trust has had a significant number of material transactions with other entities for which the Department is regarded as the parent. These entities include Clinical Commissioning Groups, NHS England, Health Education England, NHS Resolution and other Trusts and Foundation Trusts.

Salisbury NHS Foundation Trust also has transactions with its subsidiary companies, joint ventures and charitable funds (for which it is the Corporate Trustee) These are listed below:

	Income £000	Expenditure £000	Receivables £000	Payables £000
Year ending 31 March 2020				
Salisbury Trading Limited	200	825	264	81
Odstock Medical Limited	212	-	176	-
Salisbury District Hospital Charitable Fund	645	42	304	-
Sterile Supplies Limited	1,066	1,907	179	192
Wiltshire Health and Care LLP	713	371	56	93
Year ending 31 March 2019				
Salisbury Trading Limited	400	977	424	95
Odstock Medical Limited	224	-	128	-
Salisbury District Hospital Charitable Fund	246	42	116	-
Sterile Supplies Limited	1,147	1,819	231	174
Wiltshire Health and Care LLP	613	364	34	61

During the period none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with Salisbury NHS Foundation Trust.

In addition, the Trust has had a number of material transactions with other Government Departments and other central and local Government bodies.

30. Private Finance Initiative Schemes (PFI)

30.1 PFI schemes deemed to be on-Statement of Financial Position

Contract start date: 3 March 2004
Contract end date: 31 January 2036
The PFI scheme provides modern clinical buildings for patient services covering a number of specialties including: Burns, Plastics,
At the end of the contract term the hospital buildings revert back to the Trust for Nil consideration.
There were no changes to the terms and conditions of the PFI agreement during the year

NOTES TO THE ACCOUNTS

30. Private Finance Initiative Schemes (PFI) (continued)

30.2 PFI scheme - Charge to operating expense in Statement of Comprehensive Income

	Group and Trust	
	2020	2019
	£000	£000
Amounts included within operating expenses in respect of the 'service' element of PFI schemes deemed to be on-Statement of Financial Position	**1,074**	1,020
Depreciation of PFI asset	**468**	288
Net charge to operating expenses	**1,542**	1,308

30.3 PFI scheme - Analysis of amounts payable to service concession operator

	Group and Trust	
	2020	2019
	£000	£000
Interest	1,161	1,193
Repayment of finance lease liability	468	488
Service element	1,074	1,020
Capital lifecycle maintenance	420	366
Contingent rent	767	726
Unitary payment payable to service concession operator	**3,890**	3,793

30.4 Annual commitments under Private Finance Transactions - On Statement of Financial Position

The Trust is committed to make the following service payments on the PFI:	**2020**	2019
	£000	£000
Due within one year	**1,110**	1,074
Due within 2 to 5 years	**4,520**	4,502
Due after 5 years	**13,163**	14,344
	18,793	19,920

The annual charge will be indexed each year. Indexation will be increased in line with the Retail Price Index.

Imputed finance lease obligations comprise:	**Minimum lease payments**		**Present value of minimum lease payments**	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Rentals due within one year	**1,609**	1,629	**479**	468
Rentals due within 2 to 5 years	**6,751**	6,623	**2,601**	2,315
Rentals due thereafter	**20,242**	21,979	**14,100**	14,865
	28,602	30,231	**17,180**	17,648
Less: interest element	**(11,422)**	(12,583)		
Total	**17,180**	17,648		

30.5 Total future payments committed in respect of PFI

	2020	2019
	£000	£000
Total	**76,114**	80,221
of which due:		
Within one year	**3,977**	3,891
Within 2 to 5 years	**16,927**	16,561
Due thereafter	**55,210**	59,769
Total	**76,114**	80,221

NOTES TO THE ACCOUNTS

31. Financial instruments

IFRS 7 and IFRS 9 require disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. The main source of income for the Group is under contracts from commissioners in respect of healthcare services. Due to the way that the Commissioners are financed, the Group is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Group in undertaking its activities.

31.1 Currency risk

The Group is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Group has no overseas operations although the charity holds a small number of investments denominated in United States dollars and Euros, these are immaterial and, as a result, the Group has low exposure to currency fluctuations.

The carrying amount of the Group's monetary asset and liabilities at the reporting date is as follows

	Assets		**Liabilities**		**Cash**	
	2020	2019	**2020**	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
GBP	**22,027**	30,815	**73,588**	70,509	**16,145**	12,516

31.2 Liquidity risk

The NHS Foundation Trust's net operating costs are incurred under contracts with commissioners, which are financed from resources voted annually by Parliament. The Trust also largely finances its capital expenditure from funds made available from Government. Salisbury NHS Foundation Trust is not, therefore, exposed to significant liquidity risks.

31.3 Interest-rate risk

The Group's financial liabilities carry either nil or fixed rates of interest. The Group is not exposed to significant interest-rate risk.

31.4 Liquidity and interest risk tables

The interest rate profile of the non-derivative financial liabilities of the Group, their contractual maturity profile and their weighted average effective interest rates are as follows:

As at 31 March 2020

	Weighted average effective interest rate %	Less than one month £000	1-3 months £000	3 months to 1 year £000	1-2 years £000	2-5 years £000	over 5 years £000	Discount £000	**Total £000**
Fixed rate									
Finance lease obligations	3.4 - 5.1	-	-	459	765	-	-	(64)	**1,160**
PFI obligations	6.5	250	250	1,109	1,896	4,855	20,242	(11,422)	**17,180**
DHSC capital loan	1.64	-	344	342	615	2,285	-	(111)	**3,475**
DHSC revenue support loans	1.5 - 3.5	-	-	21,219	-	-	-	-	**21,219**
Floating rate									
Trade and other payables	-	16,184	-	-	-	-	-	-	**16,184**

As at 31 March 2019

	Weighted average effective interest rate %	Less than one month £000	1-3 months £000	3 months to 1 year £000	1-2 years £000	2-5 years £000	over 5 years £000	Discount £000	**Total £000**
Fixed rate									
Finance lease obligations	3.4 - 5.1	-	-	459	1,223	-	-	(88)	**1,594**
PFI obligations	6.5	250	250	1,129	1,896	4,727	21,979	(12,583)	**17,648**
DHSC capital loan	1.64	-	350	347	687	2,960	-	(239)	**4,105**
DHSC revenue support loans	1.5 - 3.5	30	142	406	11,937	9,793	-	(1,226)	**21,082**
Floating rate									
Trade and other payables	-	13,328	-	-	-	-	-	-	**13,328**

31.5 Credit risk

As the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk, the maximum exposures at 31 March 2020 are in receivables from customers, as disclosed in note 21.

NOTES TO THE ACCOUNTS

31. Financial instruments (continued)

31.6 Carrying values of financial assets

Group	Held at amortised cost £000	Held at fair value through I&E £000	Held at fair value through OCI £000	Total carrying value £000
Carrying values of financial assets as at 31 March 2020				
Trade and other receivables excluding non financial assets	12,119	-	-	**12,119**
Other investments / financial assets	2,299	-	-	**2,299**
Cash and cash equivalents	10,420	-	-	**10,420**
Consolidated NHS Charitable fund financial assets	6,225	6,319	**-**	**12,544**
Total at 31 March 2020	**31,063**	**6,319**	**-**	**37,382**

Group	Held at amortised cost £000	Held at fair value through I&E £000	Held at fair value through OCI £000	Total carrying value £000
Carrying values of financial assets as at 31 March 2019				
Trade and other receivables excluding non financial assets	19,325	-	-	19,325
Other investments / financial assets	2,204	-	-	2,204
Cash and cash equivalents	8,319	-	-	8,319
Consolidated NHS Charitable fund financial assets	4,465	7,059	-	11,524
Total at 31 March 2019	**34,313**	**7,059**	**-**	**41,372**

Trust	Held at amortised cost £000	Held at fair value through I&E £000	Held at fair value through OCI £000	Total carrying value £000
Carrying values of financial assets as at 31 March 2020				
Trade and other receivables excluding non financial assets	10,889	-	-	**10,889**
Other investments / financial assets	5,075	-	-	**5,075**
Cash and cash equivalents	9,087	-	-	**9,087**
Total at 31 March 2020	**25,051**	**-**	**-**	**25,051**

Trust	Held at amortised cost £000	Held at fair value through I&E £000	Held at fair value through OCI £000	Total carrying value £000
Carrying values of financial assets as at 31 March 2019				
Trade and other receivables excluding non financial assets	18,598	-	-	18,598
Other investments / financial assets	4,410	-	-	4,410
Cash and cash equivalents	7,476	-	-	7,476
Total at 31 March 2019	**30,484**	**-**	**-**	**30,484**

NOTES TO THE ACCOUNTS

31. Financial Instruments (continued)

31.7 Carrying values of finacial liabilities

Group	Held at amortised cost £000	Held at fair value through I&E £000	Total carrying value £000
Carrying values of financial liabilities as at 31 March 2020			
Loans from the Department of Health and Social Care	24,715	-	**24,715**
Obligations under finance leases	1,160	-	**1,160**
Obligations under PFI, LIFT and other service concession contracts	17,180	-	**17,180**
Other borrowings	-	-	**-**
Trade and other payables excluding non financial liabilities	24,182	-	**24,182**
Other financial liabilities	-	-	**-**
Provisions under contract	1,342	-	**1,342**
Consolidated NHS charitable fund financial liabilities	-	-	**-**
Total at 31 March 2020	**68,579**	**-**	**68,579**

Group	Held at amortised cost £000	Held at fair value through I&E £000	Total carrying value £000
Carrying values of financial liabilities as at 31 March 2019			
Loans from the Department of Health and Social Care	25,350	-	**25,350**
Obligations under finance leases	1,594	-	**1,594**
Obligations under PFI, LIFT and other service concession contracts	17,648	-	**17,648**
Other borrowings	-	-	**-**
Trade and other payables excluding non financial liabilities	20,684	-	**20,684**
Other financial liabilities	-	-	**-**
Provisions under contract	988	-	**988**
Consolidated NHS charitable fund financial liabilities	125	-	**125**
Total at 31 March 2019	**66,389**	**-**	**66,389**

Trust	Held at amortised cost £000	Held at fair value through I&E £000	Total carrying value £000
Carrying values of financial liabilities as at 31 March 2020			
Loans from the Department of Health and Social Care	24,715	-	**24,715**
Obligations under finance leases	1,160	-	**1,160**
Obligations under PFI, LIFT and other service concession contracts	17,180	-	**17,180**
Other borrowings	-	-	**-**
Trade and other payables excluding non financial liabilities	22,815		**22,815**
Other financial liabilities	-	-	**-**
Provisions under contract	1,342	-	**1,342**
Total at 31 March 2020	**67,212**	**-**	**67,212**

Unless otherwise stated above, carrying value is considered to be a reasonable approximation of fair value.

NOTES TO THE ACCOUNTS

31. Financial Instruments (continued)

Trust	Held at amortised cost £000	Held at fair value through I&E £000	Total carrying value £000
Carrying values of financial liabilities as at 31 March 2019			
Loans from the Department of Health and Social Care	25,350	**-**	**25,350**
Obligations under finance leases	1,594	-	**1,594**
Obligations under PFI, LIFT and other service concession contracts	17,648	-	**17,648**
Other borrowings	-	-	**-**
Trade and other payables excluding non financial liabilities	19,319	-	**19,319**
Other financial liabilities	-	-	**-**
Provisions under contract	988	**-**	**988**
Total at 31 March 2019	**64,899**	**-**	**64,899**

Maturity of financial liabilities

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	**31 March 2020 £000**	31 March 2019 £000
In one year or less	**48,308**	23,217	**46,942**	21,014
In more than one year but not more than two years	**1,592**	12,988	**1,592**	12,988
In more than two years but not more than five years	**4,260**	14,202	**4,260**	14,202
In more than five years	**14,419**	15,982	**14,419**	15,982
Total	**68,579**	66,389	**67,213**	64,186

32 Third Party Assets

The Trust held £0.1k cash at bank and in hand at 31 March 2020 (2019: £2k) which relates to monies held by the NHS Trust on behalf of patients. This has been excluded from the cash at bank and in hand figure reported in the accounts.

33. Investment in subsidiary

33.1 Odstock Medical Limited

Salisbury NHS Foundation Trust established, following Department of Health approval, a subsidiary company, Odstock Medical Limited, to market and develop a technology created at Salisbury District Hospital. The technology assists patients to obtain increased mobility following illnesses which reduce their muscular co-ordination. The company was established in August 2005 and commenced trading on 1 April 2006. Salisbury NHS Foundation Trust owns 70% of Odstock Medical Limited.

Shares at cost	Trust £
At 31 March 2020 and 31 March 2019	**5,034**

No goodwill arose in respect of the subsidiary as the reporting Trust established the company and received an interest in the company equal to the fair value of assets on its formation.

The Trust's charity, Salisbury District Hospital Charitable Fund, owns a further 18% of Odstock Medical Limited.

NOTES TO THE ACCOUNTS

33. Investment in subsidiary (continued)

33.2 Salisbury Trading Limited

Salisbury NHS Foundation Trust established a subsidiary company, Salisbury Trading Limited, to market and deliver laundry and linen services. The company commenced trading on 1 October 2013. Salisbury NHS Foundation Trust owns 100% of Salisbury Trading Limited. The company has experienced steady growth since commencing to trade by winning new linen contracts. It has increased operational capacity through arrangements involving the management of another NHS laundry facility, which will provide an additional base for future expansion.

Shares at cost	Trust £
At 31 March 2020 and 31 March 2019	**1**

No goodwill arose in respect of the subsidiary as the reporting Trust established the company and received an interest in the company equal to the fair value of assets on its formation.

33.3 Replica 3DM Limited

Salisbury NHS Foundation Trust initially purchased one third of the shares at cost in a start up company, Replica 3DM Limited, which produces three dimensional models from scans and is marketing this capability to other NHS organisations. The company commenced trading in September 2012, but results from that date to 31 March 2020 are deemed to be immaterial and have not been incorporated into these consolidated financial statements. During the year to 31 March 2017 the Trust acquired the remaining share capital in the company for a nominal sum of 1 pence per issued share.

34. Investment in Joint Ventures

34.1 Sterile Supplies Limited

Salisbury NHS Foundation Trust owns 50% of the issued share capital of Sterile Supplies Limited, the remaining 50% is owned by Steris Plc (formerly Synergy Health Plc). The Board structure and voting rights are such that the Trust is not able to exert overall control of Sterile Supplies Limited, the Trust therefore recognises the company as a joint venture. The joint venture is re-developing a new production facility, from which it will market and deliver sterilisation services. The Joint Venture currently trades from the Trust's existing Sterlisation and Disinfection Unit.

Group and Trust	**2020** **£000**	2019 £000
Shares at cost	250	250
Brought forward share of profit/ (loss)	(147)	**-**
Share of profit/ (loss) in the period	(15)	(147)
Carrying value of investment at 31 March	**88**	**103**

34.2 Wiltshire Health and Care

The Trust is a one third partner in Wiltshire Health and Care LLP. The other equal partners being Royal United Hospitals Bath NHS Foundation Trust and Great Western Hospitals NHS Foundation Trust. Wiltshire Health and Care is focused solely on delivering improved community services in Wiltshire and enabling people to live independent and fulfilling lives for as long as possible.

Salisbury NHS Foundation Trust has not invested any capital sum in this partnership.

To date Wiltshire Health and Care LLP has reported a break even position resulting in a net asset value of nil. Consequently, there is no share of any profits or assets to be reported in the Trust's accounts.

NOTES TO THE ACCOUNTS

35. Movements on Public Dividend Capital

Group and Trust	2020	2019
	£000	£000
Public Dividend Capital at 1 April	**57,297**	55,957
New public dividend capital received	**1,353**	1,340
Public Dividend Capital at 31 March	**58,650**	57,297

36. Charitable fund balances

Group only	2020	Restated 2019
	£000	£000
Restricted funds	**9,027**	8,304
Unrestricted funds	**4,895**	4,715
Endowment funds	**9**	9
	13,931	13,028

Restricted funds are funds that are to be used in accordance with specific restrictions imposed by the donor, or where the donor has restricted the use of their donation to a specified ward, patients', nurses' or project fund. Where the restriction requires the gift to be invested to produce income but the trustees have the power to spend the capital, it is classed as expendable endowment.

Unrestricted income funds comprise those funds that the Trustee is free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include general funds, where the donor has not specified or restricted the use the Charity may make of their donation. General funds additionally generate income from Gift Aid, investment income, interest and donations given specifically to cover running costs.

Endowment funds are funds which the trustees are required to invest or to keep and use for the Charity's purposes.

37. Prior year adjustment

The accounts have been restated to incorporate the impact of removing properties built on the Salisbury District Hospital site from the Charity's accounts and accounting for them as donated assets in the Trust's books of account. Salisbury NHS Foundation Trust owns the land on which the properties have been constructed, controls their use, operation and receives the benefits from them. On this basis it is considered they should be included with the Trust's accounts.

The change in accounting treatment has not impacted on the Group's consolidated position as the Charity is treated as a subsidiary, as indicated in accounting policy note 1.4.1.

The effect of this prior period adjustment is shown below:

Reconciliation of net reserves

	Group		Trust	
	Restated At 31 March 2019 £'000	Restated At 1 April 2018 £'000	Restated At 31 March 2019 £'000	Restated At 1 April 2018 £'000
Income and Expenditure Reserve				
Reserves previously reported	(1,040)	2,968	(2,072)	2,166
Adjustments:				
Cost of buildings donated	1,562	1,562	1,562	1,562
Depreciation charged in year	(177)	-	(177)	-
Restated reserves	345	4,530	(687)	3,728

NOTES TO THE ACCOUNTS

37. Prior year adjustment (continued)

	Restated At 31 March 2019 £'000	Restated At 1 April 2018 £'000
Revaluation Reserve - Group and Trust		
Reserves previously reported	59,041	54,827
Adjustments:		
Buildings valuation reserve transferreed	2,341	2,341
Revaluation adjustment in year	445	-
Restated reserves	61,827	57,168

	Restated At 31 March 2019 £'000	Restated At 1 April 2018 £'000
Charitable funds		
Trust funds previously reported	17,199	14,066
Adjustments:		
Cost of buildings donated	(1,562)	(1,562)
Buildings valuation reserve transferred	(2,341)	(2,341)
Depreciation charge in year - reversed	177	-
Gain on revaluation of buildings - reversed	(445)	-
Net movement of funds for year restated	13,028	10,163

Property, plant and equipment

The impact of the prior year adjustment on Property, plant and equipment is shown in note 17.4 to the accounts.

38. Events after the reporting period

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers. Outstanding interim loans totalling £21,219k as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.