Brighton and Sussex University Hospitals NHS Trust

Annual Report and Accounts

2019/20

Contents

1 PERFORMANCE REPORT

Overview

The purpose of this section of the Annual Report is to provide a summary of the purpose and activities of Brighton and Sussex University Hospitals NHS Trust (BSUH), the Trust's priorities and objectives for 2019/20, the key risks to achieving these objectives and how we have performed in relation to these during the year.

Chief Executive's statement

It seems inevitable that in years to come, when we reflect on 2019/20, there will be just one subject that will be foremost in our minds. It was the year when we rose to the challenges presented by the greatest world-wide public health crisis in a century.

Together with our colleagues at Western Sussex Hospitals NHS Foundation Trust, our local partners national colleagues, and of course with the support of our community, we met Covid-19 head on.

Since a joint-management arrangement was initiated in April 2017, the commitment and hard work of colleagues in both organisations has been incredible and their joint-response to the Covid-19 pandemic this year has demonstrated yet more benefits of working together in partnership.

In the midst of an unprecedented national emergency, being able to draw on the expertise, experience and ingenuity of twice as many colleagues has enabled both trusts to respond and adapt more effectively. Furthermore, I cannot over-emphasise how incredible all our staff have been. What they have achieved has been nothing short of remarkable. In a matter of weeks, the layout of our hospitals was transformed into Covid and non-Covid areas, patient pathways were rewritten, staff working practices adapted, stringent new infection control procedures adopted and new procurement and supply functions rapidly developed.

All the while, our teams have been caring for growing numbers of Covid-19 patients with no certainty of how serious the predicted surge in patients would become. Every day, while the nation at large has been on lockdown, they have come to work to do their best for patients. They have demonstrated what BSUH staff excel at; an unwavering commitment to patient care, resilience, adaptability, team work and innovation.

Looking ahead, it is these admirable qualities which will become the legacy of our response to the Covid-19 pandemic. I am confident that this time next year we will be citing innovations from this crisis as new reforms and ways of working which will have further improved care for our patients in 2020/21.

At the time of writing, however, the situation continues to move at pace. Having suspended all non-urgent services in March, we are now beginning to plan how and when to reintroduce services, while, at the same time, protecting our ability to care for patients with Covid-19 for many months to come.

Covid-19 has had an impact on all our services, the communities we serve, and the partners we work with including those in construction. Anyone driving past the Royal Sussex County Hospital site in Brighton will have continued to see work progressing on the first stage of the 3Ts building despite the Covid-19 challenges of the past months. We also shared in November 2019 that the contractor had informed us of a potential delay to completion, and the Trust has been working with them and NHSI/E to review and try to minimise this and understand any potential impacts.

3Ts will provide a great new environment for care but as the current Covid-19 challenge has shown, it's our amazing staff across all our services, who are working with colleagues at WSHFT and in harmony with all our health and social care partners across Sussex that has meant we have been able to meet the challenges of this crisis. We are committed to safely resuming full care services as soon as possible, and we wish to thank the people we serve for their support, patience and understanding while we strive to do so. Thank you.

Dame Marianne Griffiths **Date 19 June 2020**
Chief Executive

About the Trust

Brighton Sussex University Hospitals NHS Trust (BSUH) is an acute teaching hospital working across two main sites: the Royal Sussex County Hospital in Brighton and the Princess Royal Hospital in Haywards Heath. The Brighton campus includes the Royal Alexandra Children's Hospital and the Sussex Eye Hospital and is also the Major Trauma Centre for the region.

We provide District General Hospital services to our local populations in and around Brighton and Hove, Mid Sussex and the western part of East Sussex and more specialised and tertiary services for patients from across Sussex and the south east of England.

The Princess Royal Hospital has a 24/7 Emergency Department for its local population and is also our centre for elective surgery. The Royal Sussex County Hospital is our centre for emergency and tertiary care. Our specialised and tertiary services include neurosciences, arterial vascular surgery, neonatal, paediatrics, cardiac, cancer, renal, infectious diseases and HIV medicine. In addition to our two main hospital sites we also provide services from Brighton General Hospital, Hove Polyclinic, Lewes Victoria Hospital, the Park Centre for Breast Care and a renal dialysis satellite services in Bexhill, East Sussex.

Central to our ambition is our role as an academic centre, provider of high-quality teaching, and a host hospital for cutting edge research and innovation. On this we work in partnership with Brighton and Sussex Medical School, Health Education England, Kent, Surrey and Sussex Postgraduate Deanery and the Universities of Brighton and Sussex.

Covid-19

The Trust was also required to rapidly reconfigure its provision in order to respond to the Covid-19 pandemic. In exceptionally short time scales we ensured that we had sufficient capacity to respond to the pandemic and that we could keep our patients and staff safe, while continuing to deliver outstanding care. All staff had to adapt to changes at work. During the early weeks after the pandemic was declared staff rallied to deliver elective care, whilst also establishing a command structure, responding to new guidance, revising pathways and building capacity.

To respond to this as effectively as possible, the layout of our hospitals was transformed into red and green Covid-19 and non Covid-19 areas, we have rewritten patient pathways, adapted staff working practices, adopted stringent new infection control procedures, rapidly developed our procurement and supply functions, developed a workforce hub for redeploying staff and rolled out outpatient video consultations to continue care to non-Covid patients. All actions helped to ensure that we were in the best possible position to respond to the pandemic.

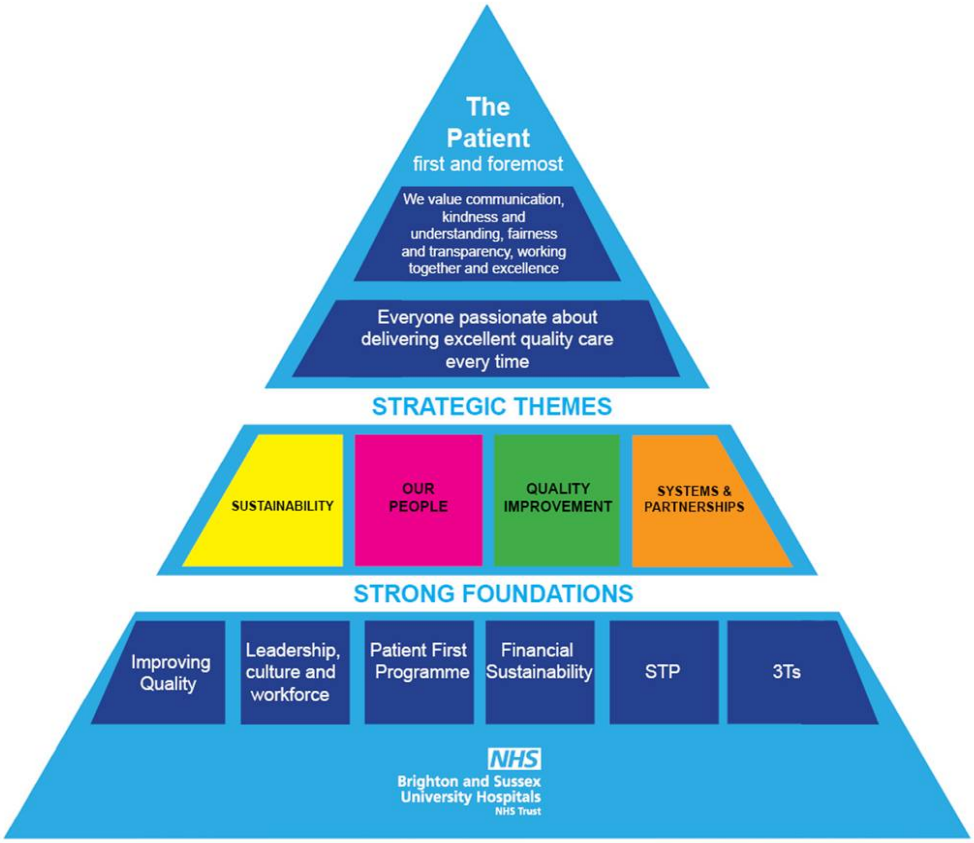
We have also benefitted from closer working with our partners, our local community and businesses, working as a system to face this challenge together.

Vision, Priorities and Objectives – The Patient First approach

In 2017/18 a long-term approach to transforming hospital services for the better, described as Patient First, was introduced to BSUH. Whether it's small steps or complex change, Patient First is a continuous process of improvement led by front-line staff empowered to initiate and lead positive change.

Our people are given the training, the tools and the freedom to work out where the opportunities are; and the skills and support to make change happen and to make it sustainable.

The Patient First triangle was created to explain the different layers of Patient First.



The patient is at the apex of the triangle to make it explicit that everything we do should contribute to improving the experience and outcomes of the people in our care. This is the True North of the organisation – the one constant to which we must always set out direction of travel in order to achieve our vision.

Patient First has four **strategic themes** that guide the initiatives we put in place across the hospitals:

- Our people
- Quality improvement
- Sustainability
- Systems and partnerships

Each of the strategic themes has a number of **breakthrough objectives** that will take us furthest and fastest towards our overall True North. This means that:

- Our True North focus around the PATIENT is on patient satisfaction
- Around OUR PEOPLE, it's about improving staff engagement
- In QUALITY IMPROVEMENT, it's reducing mortality and avoiding harm
- For SUSTAINABILITY, it's on managing our budget
- And for SYSTEMS AND PARTNERSHIPS, it's improving patient flow.

True North Domain	Metric	Objective	Executive Lead
Patient	Friends and Family Test	Family & Friends Recommend Rate >96%	Carolyn Morrice (Chief Nurse)
Sustainability	Budget Management	Breakeven	Karen Geoghegan (Chief Financial Officer)
People	Staff engagement score	Top 20% in the country	Denise Farmer (Chief Workforce Officer)
Quality	Avoiding harm	99% harm-free care on Patient Safety Thermometer	Carolyn Morrice (Chief Nurse)
Quality	Preventable mortality	HSMR among best 20% in the country	George Findlay (Chief Medical Officer)
Systems & Partnerships	Patient flow	A&E waits under four hours for 95% of attenders	Pete Landstrom (Chief Delivery Officer)
Systems & Partnerships	Patient flow	Referral-to-treatment time less than 18 weeks for 92% of patients	Pete Landstrom (Chief Delivery Officer)

The Patient First triangle also illustrates the **strong foundations** on which the programme must be built and for BSUH these are improving quality, underpinned by financial sustainability, the best leadership, culture and workforce. In addition, we need to play our part our in local Sustainability and Transformation Programme (STP) – a programme of work across Sussex and East Surrey to develop shared proposals, across all health and care organisations, to improve services. And ensure we progress our 3Ts redevelopment of the Royal Sussex County Hospital site.

The delivery of the Patient First programme is supported by **five pillars**, which support the strategic themes and will help us achieve our objectives:

1. **Kaizen office** – Kaizen is a concept that, loosely translated, means continuous improvement. It is about getting front-line staff to approach problem-solving and route cause analysis from a different, ceaselessly inquisitive perspective.

2. **Patient First Improvement Systems (PFIS)** – the PFIS is the Lean management programme designed to develop our people's ability to solve problems and improve performance. During the programme, teams receive specialist training to introduce tools and techniques that will help eliminate waste from everyday processes and begin to improve them on a continuing basis. At the end of March 2020, 53 units (wards and other teams) had taken part in the training and had begun using the tools and techniques in their daily work. Further teams will have completed their training across 2020/21.

3. **Capability** – The Patient First Capability Programme provides the skills and training necessary to help teams understand and use the principles and tools available through Patient First.

4. **Improvement projects** – our improvement approach involves using "Lean" principles. Lean is a systematic method of illuminating waste from a process. In a hospital setting, examples of waste could include moving patients from department to department or ward to ward unnecessarily, holding more supplies than we actually need, or delays in discharge or diagnostic tests.

5. **Strategy deployment** –where theory becomes reality. Strategy deployment is the process through which we identify and review the True North objectives for each strategic theme and cascade these throughout the organisation. It provides a framework to enable staff at all levels to be clear about our priorities and align their improvement efforts to them, enabling us to track our progress, and embed an improvement, coaching, and delivery culture throughout the organisation.

Performance and key issues and risks

The Patient – True North objective: an overall score of over 96% for patient satisfactions when measured through the Friends and Family Test.

Our long-term objective is to achieve an overall Friends and Family Test (FFT) score in excess of 96%. In the medium term, we want to reduce the number of occasions where staff attitude is cited as an issue. Currently our FFT score for our A&E service was at 91% for March 2020 against a national average for England of some 85%. We also survey our inpatients and our inpatient recommended score was 94% which was the same recommended rate as recorded in 2018/19. It should be noted that the Trust's response rates are very strong when judged against the

national average and for A&E are in fact consistently each month significantly higher than the national average.

Our People – True North objective: to be in the top 20% in the country for staff engagement.

Our long-term objective is to achieve a staff engagement score within the top 20% in the country. In the medium term, we want to increase the number of staff who would recommend the Trust as a place to work.

Within the annual National Staff Survey there is a question 'I would recommend my organisation as a place to work' and this increased from 46.3% in 2017 to 58.8% in 2018 and we maintained this level in 2019 (2019 scored 58.35). This is still slightly below the national average, however there is a comprehensive plan to further improve and further improvements have been demonstrated in our monthly pulse survey and a reduction in the number of staff leaving the organisation.

Quality Improvement – True North objective: to be in the top 20% of trusts for preventable mortality and provide 99% harm free care.

Our long-term quality objective is to be in the top 20% for Hospital Standardised Mortality Ratio (the ratio of actual deaths to expected deaths). In the 12 months to November 2019 the Trust's HSMR was 89.84, meaning that the number of patients dying in the Trust was 10.16% lower than expected. This performance places the Trust 23rd out of 132 Trusts and therefore in the top 20%.

In the medium term we are focused on improving our recognition and management of deteriorating patients. Two objectives were set last year, these included screening a 100% of all patients who met sepsis screening criteria, this objective was met. The second objective was to administer antibiotics within one hour of diagnosis. In the Emergency Department 86% of patients received IV antibiotics within one hour, this figure dropped to 77% for all inpatients.

Neither the work on reducing inpatients falls and reducing pressure ulcers achieved their targets in 2019-20. The rate of falls increased by 9% to 3.68 per 1000 bed days although it should be noted this rate is significantly lower than the national rate of 6.62, whilst the rate of acquired pressure ulcers increased marginally from 1.18 to 1.20 incidents per 1000 bed days.

The national initiative for measuring the rate of harm free care concluded in March 2020 and work is currently underway in developing a national new measure that will include falls, pressure ulcer, catheter acquired infections and preventable hospital acquired infections.

Sustainability – True North objective: to deliver high quality healthcare in a sustainable way.

Our long-term sustainability objective is to live within our budget. In the medium term, we are committed to financial plans that reduce our deficit and we have achieved this in the last three financial years. In 2019/20 we met our control target, and in doing so earned additional funding of £11.2m of Provider Sustainability Funding (PSF) and £14.81m of Financial Recovery Funding (FRF). We also conclude work on the Medium Term Financial Plan which included developing proposals for future financial sustainability. The Trust's financial proposition was formally accepted in August 2019 and reflected in the financial improvement trajectories issued by NHSE for the period up to 2023/24. In an ever changing environment there are multiple risks to meeting our financial targets, especially at a time when the traditional delivery of healthcare is being challenged by Covid-19, requiring the Trust to re-design the way it runs its hospitals and delivers healthcare to the population it serves. The foundations developed and embedded over the last three years have put the Trust in a better place to respond. The plan for 2020/21 is to meet a target of breakeven for the year, as intended by the new financial framework.

Systems and Partnerships – True North objective: to have 95% of A&E patients waiting less than four hours to be admitted or discharge and to reduce referral to treatment below 18 weeks for 92% of patients.

Our long-term systems and partnerships objectives are to have 95% of A&E patients waiting less than four hours and to maintain a referral to treatment (RTT) time below 18 weeks for 92% of patients. In the medium term, we are concentrating on reducing the numbers of patients who visit A&E and wait over four hours and then aren't eventually admitted to hospital, and are committed to ensuring no patients wait more than 52 weeks for elective treatments.

Trust performance for RTT reduced to 67.0% by March 2020. This followed a worsening of performance to August-19 of 64.8%, recovery to 70.1% by February-20 but Covid-impacted 67% in March. Workforce constraints in key specialties and non-elective pressure throughout much of 2019/20 negatively impacted on performance.

A&E performance was also challenging throughout 2019/20. The trust saw, treated, admitted or discharged 82.3% of patients within 4 hours across the year (the performance includes Brighton Station Walk in Centre, and Lewes Victoria and Uckfield MIU attendances). The Trust has worked collaboratively with partners, continued to develop our estate to support A&E and continued to enhance our internal process improvements which will continue to mature and deliver improvements into 2020/21.

BEST OF BSUH

BSUH consultant earns prestigious programme place

In April 2019, Dr Ryan Watkins, our Chief of Service for the Children and Women's Division, was selected to join the GenerationQ initiative, a prestigious national programme that helps senior medical professionals transform health care in their communities. Dr Watkins went on to develop the scope of foetal medicine services provided to women by the trust, improving capability, access, outcomes and experience.

First ever LGBTQ+ Mentoring Scheme launched

The Trust's first ever LGBTQ+ Mentoring Scheme launched to an enthusiastic reception in April 2019. Mentoring can have transformative benefits on a person's career, whether that person is a mentor or the one receiving mentoring (the 'mentee'). Not only is this new scheme was the trusts a first for its LGBTQ+ colleagues, but it's the first ever mentoring scheme run in the Trust!

Influential HIV Study Published

BSUH has been involved in a major new study which shows taking effective anti-HIV drugs prevents passing on the virus to their partners. Dr Amanda (Mindy) Clarke, BSUH Consultant in HIV/GUM and Clinical Trials, and co-author of the paper published in the Lancet, said: "I hope this will not only decrease the stigma for people living with HIV but also reduce the barriers to testing and starting treatment, so that we can potentially see an end to the HIV epidemic in our lifetimes."

Acute Care Quality Improvement Award

Kat Dalton from the BSUH Critical Care Outreach Team won a quality improvement award for significant improvements in respiratory care. Kat has been training nurses in Non Invasive Ventilation (NIV), aiming to increase their confidence and competency; prevent or detect patients who are deteriorating as early as possible to reduce mortality, and prevent avoidable intensive care admissions.
The Kent, Surrey and Sussex Acute Care Quality Improvement Award is given annually to recognise significant improvements in respiratory care for patients in acute clinical areas.

Neonatal Services HSJ Patient Safety Awards

Congratulations to Trevor Mann Baby Unit (TMBU) who were finalists in the HSJ Patient Safety Awards in the Innovation of the year category. Their entry 'making the neonatal unit safer in 5 minutes' recognised the work done to implement a multifaceted programme based on human factors. The programme is based around 'safety pauses' which are five minute multidisciplinary, hot team debriefs immediately after any emergency or procedure. They focus on safety, team behaviours and identifying latent threats in the environment.

Call 4 Concern (C4C) Service launches at PRH

C4C is a patient safety initiative that enables patients and relatives to request a visit by Critical Care Outreach Team (CCOT). "The principle behind C4C is that patients and relatives can often recognise subtle changes in physiological deterioration

before they are identified by staff or monitoring systems," said Outreach Sister, Emma Richardson. "C4C enables patients or relatives to call for help from the CCOT if they still have concerns about an inpatient's condition after they have already spoken with the nurse or doctor. Staff can readily identify patient deterioration by monitoring physiological changes, however other changes may only be obvious to those nearest and dearest."

Launch of Electronic Observations

To ensure better detection of deteriorating patients, the trust implemented Patientrack as our new electronic observations (eObs) solution. This replaced the paper process of recording vital signs such as temperature, heart rate etc. The new system now automatically calculates the National Early Warning Score (NEWS).

The eObs solution has shown to improve patient safety and care by planning and performing patient observations, assessments and clinical documentation at the bedside. This ensures the early detection of, and timely clinical response to deteriorating patients. The solution now also allows improved collaboration and communication across inter-professional teams as well as supporting tiered response to deteriorating patients, outreach, MET and other services.

Marianne Griffiths awarded an honorary doctorate

Our very own Chief Executive, Dame Marianne Griffiths, was awarded an Honorary Doctorate for her contribution to improving healthcare in the region by the University of Brighton. Marianne received her doctorate from the School of Health Sciences in July 2019 and gave an inspiring speech to hundreds of graduates and their families at the Brighton Centre, outlining her own career and addressing the future generation of healthcare workers.

Primary Care Education Award

Martine Ratcliffe from the BSUH Medical Education Centre received the Health Education England – Kent, Sussex and Surrey (HEE KSS) Primary Care Education Award. The programme directors of the region's GP Vocational Training Scheme nominated Martine and commended her for her invaluable contribution to the smooth running of the scheme. Professor Hilary Diack, Head of Primary and Community Care Education, emphasised her appreciation of Martine's enthusiasm for the training scheme and Dr Mary-Rose Shears, Patch Associate Dean for HEE KSS, presented Martine with the award at the last teaching session of the 2018/19 training year.

BSUH shortlisted for "Acute or Specialist Trust of the Year" in HSJ Awards

We were delighted to be named as finalists for "Acute or Specialist Trust of the Year" in this annual Health Service Journal (HSJ) Awards. This category looks at how NHS trusts have met their challenges head on and created a long term vision of care. BSUH was selected based on the huge improvements we have made including our 'Good' overall and 'Outstanding' for caring rating by the CQC, supported by our fantastic Patient First improvement programme.

Although we did not win this time, we were recognised for the outstanding improvements that have been made across our hospitals over the last year.

Thanks to everyone who took part in demonstrating to the HSJ during the judging process just how fantastic we are!

Virtual Fracture Clinic launches at The Alex

The Paediatric Virtual Fracture Clinic arrived at The Royal Alexandra Children's Hospital in the summer, improving safety and saving time for hundreds of children and their families every year. Many children visiting A&E and minor injury units across Sussex attend with fractures or suspected fractures. The launch of the Virtual Fracture Clinic for children now means families don't have to attend face-to-face clinics for their appointments saving them the journey and reducing the pressure on fracture clinic sessions

Facebook: Workplace Launched for Trust Staff

The trust launched Workplace at the end of September 2019. Workplace is a secure business social networking platform provided by Facebook. It's a part messaging service, part social network and part productivity tool and a great way to create communities and conversations. For the Trust it provides a fast, flexible and mobile way for us all to talk

Ministry of Defence Employer Recognition Gold Award

Chief Executive Dame Marianne Griffiths and Lieutenant Colonel Alex Saunders, BSUH Head of Resuscitation and Armed Forces Lead, proudly collected a Gold Award at the Ministry of Defence Employer Recognition Scheme's awards on Tuesday 12 November 2019.

Gold status has been awarded to 100 companies and organisations nationally this year and is in recognition of the work the Trust is doing in support of its staff who come from Armed Forces backgrounds. A number of activities continue to take place across the Trust including drop in sessions, our Armed Forces Steering Group and support for our regular military colleagues, working within the Trust.

National Audiologist of the Year

Congratulations to Sam Blakemore, a clinical scientist in audiology who has been awarded Audiologist of the Year Award by the British Academy of Audiology (BAA).

This prestigious award recognises an audiologist who stands out from the crowd with regards to patient care, making a difference and going the extra mile.

Chief Midwifery Officer Awards at BSUH

Two of our midwives Ash Riddington and Helen Green both received silver Chief Midwifery Officer Awards for their outstanding work in supporting members of the transgender and non-binary community in pregnancy. It was fantastic to see their valuable work recognised by the Chief Midwifery Officer for England, Professor Jaqueline Dunkley-Bent, who spend the day at RSCH on Wednesday 20 November 2019.

As part of a wider commitment to recognising the value of midwives, Jacqueline launched the new Chief Midwifery Officer for England awards. The silver award recognises major contributions to patients and the profession for midwives.

‘The Floor’ ED Game Launch

One of our Emergency Department Consultants, Dr Salwa Malik, has developed a board game that was released and available to buy by other Emergency Departments in the UK and internationally. The game, ‘The Floor’, brings the realities of working in a pressurised A&E to life in an innovative and unique way. Funding to develop the game further came from BSUH Charity and the kind donations of its supporters.

Health Education England Regional Star Award Winner!

Tom Roper, Clinical Librarian for General Surgery and Digestive Diseases, Urology, Acute and Emergency Medicine, Critical Care, Trauma and Orthopaedics won the inaugural Regional Star Award at the London and Kent, Surrey and Sussex Library and Knowledge Services Forum in November.

Tom is an experienced clinical librarian, using his skills and knowledge to support the development of library staff around London, Kent, Surrey and Sussex and nationally in his contribution to the national Workforce workstream. He is a long-standing member of the London and Kent, Surrey and Sussex Staff Development Group, where he teaches other librarians.

Electronic Radiology Requesting

The Trust introduced electronic ordering for imaging requests in December 2019 to improve patient safety and care. The Order comms solution which is part of the Trust’s Pathology ICE system is accessed through the BSUH Panda portal. It significantly helps to reduce demographic and transcription errors currently found on paper forms. It also allows clinicians to view their orders and the order status, as well as previous GP and local hospital network activity outside of the Trust.

Menopause Café Launch

The trust launched its first Menopause Café in January 2020, a group awareness session facilitated by Dr Juliette Bowie. The ‘cafe’ style session is a relaxed and informative with a short talk from Juliette and then the opportunity to ask questions and chat to colleagues. The aim is to break the taboo attached to talking about menopause and create a supportive culture where staff feel comfortable and able to talk about how it is affecting them, their friends, their families and their colleagues. The cafes now run quarterly at RSCH and PRH and are open to everyone.

Double Stonewall Awards

The Trust was extremely proud to announce it reached the top 20% of the annual Stonewall Workplace Equality Index (WEI), recognising its progress towards creating true equality for all LGBTQ+ staff and patients. At the same time, trust staff were also celebrating winning the Stonewall South East LGBT Network Group of the Year award. The trust re-entered the WEI in 2019 and ranked at 143, an ‘exceptional’ result for a returning organisation according to Stonewall.

Mental Health and Wellbeing in the Workplace Book Award

Donna Butler, lead Psychotherapist and service manager for the BSUH Help service and Gill Hasson, released a book - Mental Health and Wellbeing in the Workplace,

discussing why and how to promote mental health in the workplace and the importance of having an effective 'wellbeing strategy'. The book also provides guidance on managing staff experiencing mental ill health and addresses dealing with employee stress and anxiety.

Pandemic Flu – Staff Support: Food, glorious food!

Our fantastic wellbeing team have been working hard to put together packages for staff. The team are liaising with local companies who have been very generous with food donations. They have been undertaking several food drops a week, starting with the 'red zones' before other areas of the hospitals.

Our Patients

Patient Experience

We constantly strive to give our patients the best possible treatment and care and we encourage patient feedback to help inform improvements to our services.

The Friends and Family Test (FFT) provides a national benchmark for all NHS hospitals. All adult and paediatric inpatients that have stayed at least one night in hospital, or attended the Emergency Department (ED) and 30% of all outpatients, are asked the question:

"Overall how was your experience."

Patients can respond with one of six options ranging from 'very good' to 'very poor'. The results are reported to the Trust Board each month. Further to the mandatory question we also ask patients to provide comments on why they gave that particular score.

From 1 April 2018 (FFT) data has been collected electronically across all areas of the Trust. This feedback is collected via SMS (text message on a mobile phone) or Interactive Voice Message (IVM via landlines if mobile number not available). In 2019/20 80,166 patients have provided their feedback in this way.

The SMS and IVM system allows patients to provide considered responses once they have left hospital premises and without the involvement of healthcare professionals, meaning generally less bias in the feedback provided. The increased response rate has resulted in a far wider range of themes being reported which can now be analysed and quickly acted upon. All departments and wards now have access to a live dashboard of their results, accessible online, detailing comments and voice recordings, through the collection service. Patients can view the FFT score, monthly, on the Trust's website, NHS Choices and NHS England's website.

Whilst we have not yet achieved the 96% recommend rate it is important to note, when compared with similar acute Trusts using the same survey methodology, that BSUH was the highest performer, with other Trusts reporting an average 91% recommend rate.

In our Emergency Departments, the recommendation rate and response has remained above the national average at 89% despite the departments seeing a rise in the number of people attending.

The additional information that is available to the Trust has been able to support improvement projects across the Trust to drive improvement projects in line with the Patient First Improvement System (PFIS).

2019/20 Inpatient FFT results

	April 2019	May 2019	June 2019	July 2019	Aug 2019	Sept 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020
National Response	24%	25%	25%	26%	25%	26%	25%	25%	23%	24%	24%	tbc
BSUH Response	20%	24%	23%	24%	22%	22%	22%	23%	24%	27%	28%	28%
National Recommend	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	tbc
BSUH Recommend	**95%**	**95%**	**93%**	**95%**	**94%**	**93%**	**93%**	**94%**	**93%**	**93%**	**93%**	**94%**

2019/20 Emergency Department FFT results:

	April 2019	May 2019	June 2019	July 2019	Aug 2019	Sept 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020
National Response	12%	12%	12%	12%	13%	12%	13%	12%	12%	12%	12%	tbc
BSUH Response	17%	16%	19%	20%	18%	19%	17%	18%	17%	19%	21%	23%
National Recommend	85%	86%	86%	85%	86%	85%	85%	84%	84%	85%	85%	tbc
BSUH Recommend	**90%**	**88%**	**88%**	**88%**	**88%**	**88%**	**87%**	**87%**	**89%**	**87%**	**88%**	**91%**

2019/20 Outpatient FFT results were (response rate not recorded):

	April 2019	May 2019	June 2019	July 2019	Aug 2019	Sept 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020
National	94%	94%	94%	94%	94%	94%	94%	94%	94%	94%	94%	tbc
BSUH	**95%**	**94%**	**94%**	**95%**	**93%**	**94%**	**94%**	**94%**	**95%**	**93%**	**94%**	**95%**

2019/20 Maternity FFT results:

	April 2019	May 2019	June 2019	July 2019	Aug 2019	Sept 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020
National Response	21%	20%	21%	21%	21%	20%	20%	20%	18%	19%	20%	tbc
BSUH Response	20%	17%	19%	15%	12%	13%	14%	11%	15%	15%	14%	tbc
National Recommend	96%	97%	97%	97%	96%	97%	97%	96%	97%	97%	97%	tbc
BSUH Recommend	**96%**	**94%**	**96%**	**98%**	**97%**	**97%**	**94%**	**97%**	**94%**	**96%**	**98%**	**tbc**

2019/20 Annual NHS Inpatient Survey results

1168 BSUH adult inpatients were surveyed in July 2019 and, of these, 491 patients returned a completed questionnaire. The 2019/20 results are currently embargoed but early indicators show that improvements have been made in the majority of the key areas for improvement following the 2018/19 survey. Whilst the formal report is embargoed we have not been complacent and have commenced with an action plan to drive through further improvements.

Patient feedback

We constantly strive to give our patients the best possible treatment and care and we encourage patient feedback to help inform improvements to our services.

In 2019/20 98% of informal concerns were resolved within 25 working days and 77% of formal concerns were closed within the same timeframe, a 2% increase since the previous year.

The National Inpatient Survey (2018) identified communication at discharge as an area for improvement and of high importance to our patients. In 2018 the Brighton and Hove Healthwatch ‘Let’s get you home’ report highlighted inconsistent verbal communication with patients about their discharge.

Using this feedback, the patient experience breakthrough objective for 2019/20 is to improve communication about discharge and ensure ‘a good goodbye’ for all of our inpatients. Service improvements include a standardised discharge information pack and a discharge training programme for all ward staff. The progress of this work stream is monitored via the Inpatient Discharge Audit - a patient survey specifically based on the National Inpatient Survey and recommendations from Healthwatch.

There has been a sustained reduction of over 25% in the number of complaints about communication compared with previous years. Preliminary results from the National Inpatient Survey 2019 show that there has an improvement in 82% of the questions relating to discharge.

Formal and Informal concerns

Since April 2018 all concerns received by the Trust are categorised and managed as informal or formal concerns. This means that all concerns raised, whether in writing or verbally, are acted upon by either the Patient Advice and Liaison Service (PALS) or the Complaints team.

Due to changes in the categorisation of concerns raised there are differences in the data sets from previous reports.

Formal concerns

In 2019/20 5856 concerns were received by BSUH. Of these, 2038 (34.8%) were formal concerns.

In the same timeframe 0.2% of all formal complaints were accepted for investigation by the Parliamentary and Health Service Ombudsman and, of these, 1 was partly upheld.

	2015/16	2016/17	2017/18	2018/19	2019/20
Total number of complaints	1799	1792	1716	1915	2038
Number of complaints accepted by the Ombudsman	32 *From this time the PHSO resolved to investigate a higher number of complaints than previously	19	9	12	5
*Number of these complaints upheld by the Ombudsman	2	2	0	1	0
*Number of these complaints partly upheld by the Ombudsman	15	4	2	1	1

**This data reports only on the outcome of complaints received within the specified financial year. Previous reports have counted complaints upheld or partially upheld that were received outside of these timeframes*

Informal Concerns

Of the 5856 concerns received by BSUH In 2019/20 3818 (65.2%) were resolved informally. Our Patient Advice and Liaison Service (PALS) triages concerns raised by patients, their relatives and carers, in order to help assist them as quickly as possible and in the most appropriate way. In 2019/20 there was a decrease of 15% in concerns being managed this way.

2015/16	2016/17	2017/18	2018/19	2019/20
2968	3089	3099	4154	3818

Compliments

During 2018/19 we have changed the collection and recording of compliments received by the Trust from our patients and their families and carers to reflect the actual number of plaudits received (previously batch recorded by ward) and continued this in 2019/20.

2015/16	2016/17	2017/18	2018/19	2019/20
461	364	988	1618	1390

Our People

BSUH NHS Trust is the proud employer of almost 9000 people. Each and every one of those people enables us to provide high quality care to the people of Brighton and Hove and East and West Sussex. Below is an analysis of our staff one a whole time equivalent basis rather than the number directly employed, the column other relates to staff who work for the Trust through our internal staff back.

Recruitment 2019/20

Recognising the national challenges in NHS workforce supply, the Trust has taking positive action to recruit into vacant roles, attract local Sussex people to work locally rather than commute (eg. into London), and to encourage others to relocate to Brighton and Sussex.

The first of these campaigns ran at London Victoria Station during January 2019, and focused on nursing recruitment. The evaluation suggested a positive effect on the number of people viewing the recruitment website as a result. That evaluation also supported the use of social media as an advertising channel, and provided a number of insights that were used to inform the subsequent campaign.

The second campaign was designed to launch just before Brighton & Hove Pride (Saturday 3rd August) and run for a further ten days. Brighton Pride attracts in the region on 300,000-450,000 visitors to the city, and provides an opportunity to showcase BSUH as a diverse and inclusive employer, and as a care provider engaged with its local LGBTQ+ (Lesbian, Gay, Bi, Trans & Non-Binary, Queer/Questioning) communities.

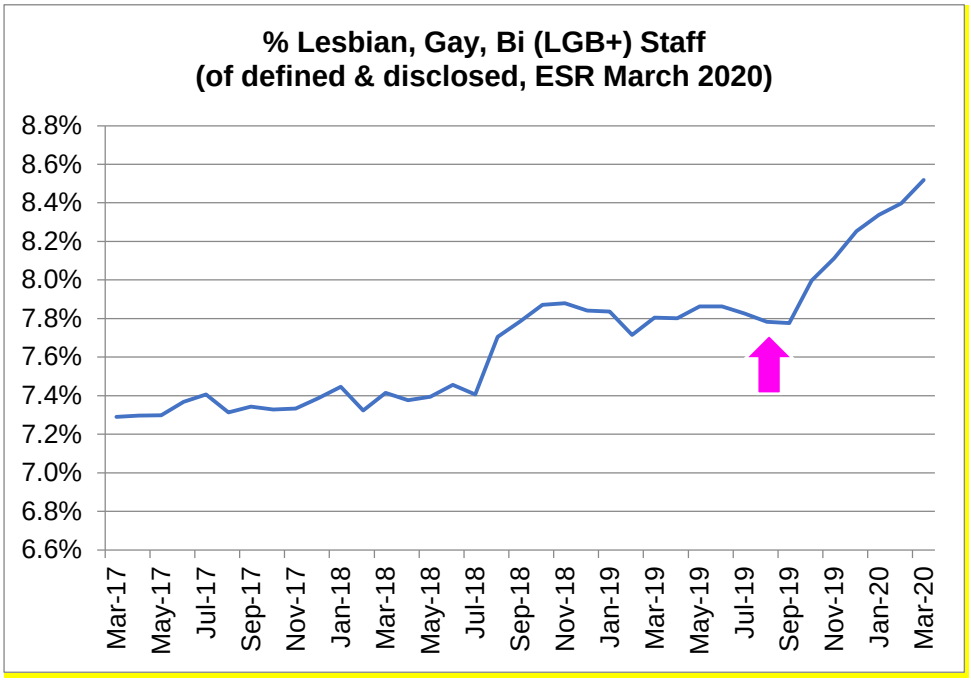
The *Belong Here* campaign included use of video screens at London Victoria and Brighton train stations, three digital (video) screens at bus stops in Brighton on the Pride Parade route, and 21 static bus stop advertising sites (posters) on the route. It is estimated that these sites would have received approximately 4million opportunities to view in the campaign duration.

In addition to the advertising sites, the campaign included a dedicated recruitment website, a social media campaign using Twitter, Facebook and LinkedIn, and recruitment flier handed out from the Pride Parade itself (with the float led by Chief Executive Dame Marianne Griffiths).

www.belonghere.org.uk
https://www.bsuh.nhs.uk/wp-content/uploads/sites/5/2016/09/BSUH@Prides2019.pdf

The campaign featured 14 members of BSUH's LGBTQ+ & Allies Network and included a diversity of genders, ethnicities, seniorities and NHS staff roles (65% were from clinical professions, 35% non-clinical). The campaign included a number of self-identified trans and non-binary staff.

A detailed evaluation has been undertaken to assess the impact both of the campaign itself, and to assess the longer-term impact on the Trust's reputation for inclusion with its local communities, and more widely. The graph below shows the proportion of LGB+ (Lesbian, Gay, Bi) staff from March 2017 to March 2020. The Trust now employs 8.5% LGB+ staff (the national NHS Electronic Staff Record does not currently record trans status) – the highest proportion since recording began in 2010. Of particular note are the step-increases following the BSUH@Prides campaigns in 2018 and 2019.



The Trust complies with all the requirements of NHS Employment Standards and ensures that all necessary checks and clearances are carried out prior to employing an individual.

Emergency Preparedness, Resilience and Response (EPRR)

BSUH continues to be committed to developing and maintaining prepared and resilient services by taking a proactive approach to Emergency Preparedness, Resilience and Response (EPRR).

The NHS England Core Standards for Emergency Preparedness, Resilience and Response (EPRR) are the minimum standards which NHS organisations and providers of NHS funded care must meet to ensure they are able to respond to a wide range of incidents and emergencies that could affect health or patient care and ensure the Trust has plans in place to continue the delivery of critical services during periods of disruption, such as a critical incident, a business continuity incident or major incident as defined by the NHS England Emergency Preparedness Resilience and Response (EPRR) guidance.

All NHS Trusts are required to undertake an annual EPRR assurance assessment and report the outcome to commissioners and NHS England for approval.

For 2019/20 the EPRR Core Standards covered the following areas:

- Governance
- Duty to Risk Assess
- Duty to Maintain Plans
- Command and Control
- Training and Exercising
- Response
- Warning and Informing
- Cooperation
- Business Continuity
- CBRN (Chemical, Biological, Radiological, Nuclear).

In addition to the above core standards, NHS England also specified an additional 8 standards focusing on Command and Control covering incident coordination and command structures.

BSUH improved its position against these standards in 2019/20. A robust action plan to achieve substantial compliance was developed and subjected to a Sussex wide peer review which confirmed the Trust's expectation to reach substantial compliance by the middle of 2020.

Our major achievement in this reporting year was that development and launch of a rolling work plan seeing divisions update their business continuity plans, with each division having a two month window to update their plans and then in the third month a table top exercise is undertaken to test these plans.

Building on last year's successful major incident exercise we have established a group allowing staff to volunteer to be part of our Major Incident Support Team (MIST) and we have seen many staff volunteer to support our first responders.

During 2019/20 we also:

- continued to support BSUH Services and Divisions in updating their service level business continuity plans.
- actively planned for an EU Exit, attending regular EU Exit meetings and undertaking EU Exit table top exercises and the provision of information to the Department of Health and Social Care.
- continued to work with the Sussex Trauma Network to support their ambitions.
- continued to support our adult Emergency Departments in ensuring we continue to maintain our capability to respond to a Chemical, Biological, Radiological, or Nuclear attack or accidental exposure to a hazardous material; and
- continued to support and contribute to the work of Sussex Resilience Forum and we are a key member of Sussex Local Health Resilience Partnership.

Research and Innovation

Brighton and Sussex University Hospitals continues to be one of the top performing NHS research organisations in the region. 95% research participants who completed the NIHR participant research survey during 2019/20 reported a good experience. Working in partnership with the medical school, local universities, and industry partners, our high quality research helps to advance understanding of how diseases work, leading to the development of new treatments and therapies, improving care for patients both now and in the future. It is known that patients cared for in a research study and more generally those treated in a research-active environment have better outcomes, which is why it's a core part of what we do in in terms of putting the patient first.

We support a diverse portfolio of National Institute for Health Research (NIHR) adopted projects. These are projects that meet high standards of peer review and are considered to be of a priority to the health of the nation, our local population and the NHS. Many of the projects are multi-centre studies conducted through strategic partnerships. At BSUH 3445 patients volunteered to participate in one of the 163 clinical research projects being conducted in Brighton and Haywards Heath Hospital sites during 2019/20. During 2019/20 the Trust saw undertook fewer commercially sponsored research studies due to competing demands on Consultant time to act as research investigators, this saw a reduction in the Trust's overall income from research.

The main focus of our own research at the Royal Sussex County Hospital are clinical trials that are being run for the benefit of our patients attending our services for cancer, cardiovascular disease, HIV & sexual health, renal, gastroenterology, hepatology, ophthalmology, musckoloskeletal and paediatric medicine. Our cardiac research team has been involved in a number of pioneering clinical trials over the past year including three studies that saw the first human participants.

Whilst it is often the case that patients engage in clinical trials because they offer novel treatment options, many volunteer to take part in research projects that have no discernible benefits. These are the patients who complete questionnaires, donate blood and tissue samples, and attend the hospital to have scans and physiological measurements that offer little or no direct benefits. This demonstrates the importance of creating good patient and carer partnerships to deliver high quality research and encourage patients to participate in our trails.

Performance Analysis

As noted within the Annual Report, Corona virus has impacted the Trust's performance at the end of 2019/20. The impact of the National instruction to stop or reduce all non-urgent activity in mid-March 2020, resulted in a significant reduction in outpatients and referrals; diagnostics testing with the initial restrictions to focus on only treating priority cancer patients and no routine elective surgery. In conjunction with this, patient choice too, had significant impact on the Trust's performance, resulted in high numbers of patient initiated cancellations across all performance standards.

These actions therefore, prevented the achievement of all 8 of the cancer standards in March, although the improvements from December 2019 of attaining the 62 day standard indicated that this was on track until restrictions were in place. This was also reflected in the Trust's Referral To Treatment (RTT) performance and its ability to reduce the number of 52 week breaches to 0 by the end of March. Robust monitoring was in place to meet this target, but many of these patients were cancelled as they fell outside the urgent cancer pathway. Despite this, the Trust did successfully achieve the required reduction of the whole waiting list size and especially the 18 week backlog.

Crucial elements of a patient's pathway are the diagnostic tests. Radiology modalities were on track to achieve the <01% target. Endoscopy remained challenged but it was clear from the weekly reporting that improvements were predicting a significant reduction in numbers of patients waiting over 6 weeks.

Like the outpatients and elective activity, all non-urgent diagnostic tests were ceased. For all of the operational performance standards it is unfortunate that the March and year end performance does not reflect the significant improvements that had been made throughout the year. Further information is provided later in this section, at page 26, against each of the constitutional targets

<u>Key Performance Measures</u>

National Standards and Waiting Times

Indicator	Standard / Threshold	**2019/20**	2018/19	2017/18	2016/17
18w RTT - Percentage of incomplete pathways waiting	92%	67.8%	80.3%	85.5%	78.0%

less than 18 weeks					
18w RTT - Numbers of over 52-week waiters during the year	0	463	34	747	1786
Diagnostic Tests waiting longer than six weeks - percentage of all waiters	1%	19.95%	14.7%	2.0%	1.9%
Operations cancelled on the day not re-booked within 28 days	0	190 (to Feb)	107	90	54
Number of urgent operations being cancelled for the second time	0	2 (to Feb)	8	16	14
A&E - Percentage of patients who spent four hours or less in A&E	95%	82.3%	84.29%	84.28%	82.69%
A&E - Numbers of patients who have waited >12 hours in A&E from decision to admit	0	44	238	146	50
Cancer: Two week wait referral to date first seen	93%	88.9%	87.5%	94.15%	93.3%
Cancer: Two week wait referral to date first seen - breast symptomatic	93%	83.8%	91.8%	95.84%	97.18%
Cancer: 31 day wait from diagnosis to first treatment	96%	96.0%	97.8%	99.20%	98.1%
Cancer: 62 day wait for first treatment from urgent GP referral	85%	68.9%	71.0%	76.62%	76.69%
Cancer: 31 day wait for second or subsequent treatment - surgery	94%	95.0%	98.1%	99.11%	95%
Cancer: 31 day wait for second or subsequent treatment - chemotherapy	98%	99.8%	99.9%	99.50%	99.18%
Cancer: 31 day wait for second or subsequent treatment - radiotherapy	94%	99.7%	99.2%	99.53%	97.99%
Cancer: 62 day wait for first treatment from referral from NHS cancer screening service	90%	72.2%	66.6%	69.95%	76.23%
Emergency re-admissions within 30 days of discharge (%)	10.5%	8.37% (Dec-Nov)	8.50% **	8.56% **	11.96%
Stroke: % of patients who spend > 90% of time on stroke unit	80%	81.45%	84.36%	81.92%	85.71%
Stroke: % admitted directly to stroke unit	90%	55.96%	63.21%	63.35%	67.52%
Stroke: % scanned in less than one hours of hospital arrival	50%	70.94%	71.88%	70%	67.31%
Stroke: % of patients scanned within 24 hours	100%	97.74%	99.65%	100%	98.95%
Stroke: % of high risk TIA cases treated in 24 hours	60%	64.91%	75.55%	77.53%	85.31%

Stroke: % of low risk TIA patients seen in seven days	100%	98.55%	99.25%	99.48%	98.76%
Delayed Transfers of Care (DToC)	3.5%	4.29%	5.5%	6.37%	8.05%
Number of falls resulting in moderate or severe injury, or death	-	28	15	21	19
Number of cases of MRSA bloodstream infections	0	5	1	1	2
Number of C. Difficile infections	46	49	44 to Feb	56	51
"Never Events" reported	0	1	2	4	5
Summary Hospital Mortality Indicator (SHMI)	100	97.68	93.87 **	98.19 **	97.59 **
Hospital Standardised Mortality Ratio (HSMR) - all week	100	89.03	96.5 **	98.4 **	93.75 **
Hospital Standardised Mortality Ratio (HSMR) - weekends	100	91.74	93.33 **	96.36 **	102.58
Emergency Caesarean Section rate	13%	18.02%	17.5%	17%	14.52%
Number of single sex accommodation breaches	0	481 to Feb	635	661	923*

*Prior to May 2016 the Trust reported in line with a local agreement that was established between NHS Sussex and BSUH in 2011 and is now out of date. This stated that if there was a screen dividing women and men, they could sleep in the same bays. In the reporting year NHSI, our CCG and deputy chief nurse agreed that this did not address the issue and we began reporting all incidents of mixed sex breaches, if not for clinical reasons, hence the significant increase in numbers reported. There is an ongoing piece of work across Sussex to look at how this is reported, as each Trust seems to use different criteria. Ongoing work is being undertaken across the Trust to reduce the frequency of mixed sex accommodation breaches.

** being below the target / threshold is an indication of good performance

Operational Performance 2019/20

BSUH uses a Performance Framework and associated governance to ensure sustained delivery of key measures based on the principles of the Balanced Scorecard. This framework ensures scrutiny, assurance, and where necessary, remedial actions and follow through to compliance recovery. The structure of this framework was developed in quarter 4 of 2017/18 and ensures oversight through:

- Directorate review of departmental/ward delivery
- Divisional Management Board review of associated Directorates
- Divisional Strategy Deployment Reviews (SDRs) undertaken by the Trust Executive
- Monthly performance review by Finance and Performance Committee and Trust Board

Each layer of review and action considers both the key targets and outcomes/ objectives used to assess operational performance under the Single Oversight Framework, and a wider set of balanced scorecard indicators that have been

selected to provide a more complete view of operational risks and interdependencies. The review process is underpinned by an extensive suite of business intelligence tools designed to show outcomes, but also the drivers of potential compliance risks such as changing demand profiles.

Regulatory standards

The operational performance of BSUH is measured against key access targets and outcomes objectives set out in the Single Oversight Framework drawn up by NHS Improvement, the regulator of health care organisations. These are:

- A&E maximum waiting time of 4 hours from arrival to admission/transfer/ discharge
- Maximum time of 18 weeks from point of referral to treatment (RTT) in aggregate − patients on an incomplete pathway
- All cancers – maximum 62-day wait for first treatment from:
  - urgent GP referral for suspected cancer
  - NHS cancer screening service referral
- Maximum 6-week wait for diagnostic procedures

Performance summary:

Single Oversight Framework	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	YTD	Target
A&E : Four-hour %	84.37%	83.90%	83.96%	84.17%	82.04%	83.83%	82.56%	79.20%	78.82%	77.80%	80.50%	84.00%	82.30%	84%
Cancer: 62 days GP ref to treatment	63.32%	63.18%	64.07%	57.94%	63.42%	73.75%	73.06%	73.13%	85.66%	76.28%	68.55%		68.90%	85%
RTT - Incomplete - 92% in 18 weeks	70.01%	70.17%	68.59%	65.42%	64.77%	65.75%	67.20%	68.02%	68.05%	68.75%	70.07%	67.03%	67.80%	92%
6-week wait for diagnostics	24.16%	29.64%	27.60%	26.07%	21.08%	14.32%	13.89%	13.86%	15.66%	18.12%	11.99%	15.39%	19.95%	<1%

A&E

Nationally it has been a challenging environment throughout 2019/20 with emergency demand and bed constraints. Trust performance for the year is below the National target of 95%. The Trust has continued a focussed programme of work in 2019/20 to improve performance through recognised improvement methodologies and clinical pathway improvements throughout the patient emergency pathway. Additionally, the Trust has engaged and co-ordinated aligned resilience plans in the wider Local Health Economy, through the Brighton CCG chaired Local A&E Delivery Board, and wider regional acute partners for escalation to target reduced delayed transfers of care, to free up bed capacity and enhance patient flow.

Referral To Treatment (RTT)

The Trust's RTT performance has been variable across the year with a reported performance of 67.8%. Performance dropped considerably to August 2019 with 64.8% performance but performance recovery actions lead to an improvement to 70% by February 2020. The impact of Covid-19 National guidance regarding the suspension of routine elective cases impacted on RTT with a drop to 67% March 2020.

Cancer 62-day Performance

The Trust met the 85% 62-day target in 2019/20 in December (85.7%) and has achieved an average of 68.9% (to February 2020) in 2019/20, a worsened position from 71.0% April 2018 to February 2019. Work to target recovery at a tumour site level, in the context of increasing demand is planned to recover cancer performance in 2020/21. The impact of coronavirus in March 2020 and into 2020/21 is expected to

materially affect cancer performance. A focus on improving the waiting times for diagnostics, in a safe environment will also contribute to the improvement in this standard.

Diagnostic 6-week waiters
Trust performance fell to an average of 19.95% over 6-week waiters in 2019/20 against the 1% national target. The Trust observed significant capacity pressure in imaging modalities and endoscopy due to workforce and equipment constraints and demand increases. The Trust recovered from 29.64% May 2019 to 11.99% by February 2020, but this was not sustained in March, due to the impact of Covid-19.

Financial Performance 2019/20

The key highlights for the Trust's financial performance for the year were:

- Actual performance - against a challenging operational environment the Trust delivered a deficit for the year of £39.04m. After adjusting for the performance of the Pharm@Sea subsidiary, profit on disposals, the impact of impairments and the donated asset reserve, the adjusted reported deficit is £25.74m.

- Control total performance - The control total was set at a deficit of £53m and the Trust achieved a comparable deficit of £52.99m; in line with the plan.

- Provider Sustainability Funding (PSF) – having delivered the financial control total the Trust earned a total of £11.20m of PSF in 2019/20. £0.61m of this PSF was earned due to a bonus relating to the 2018/19 performance.

- Financial Recovery Funding (FRF) – having delivered the financial control total the Trust earned £14.81m of FRF.

- Marginal Rate Emergency Tariff Funding (MRET) – the Trust earned £1.85m of MRET.

- Efficiency Programme - underpinning both the control total achievement and in-year investment in services was the delivery of £26.59m of savings.

- Capital - expenditure on capital schemes of £101.19m, including £68.80m on the 3Ts building development, £8.47m on the ED emergency floor and backlog, £8.74m on estates, £7.46m on Information Technology and £7.72m on replacement equipment.

Summary of the Trust's 2019/20 financial performance (£m).

2019/20 Reported Performance	39.04
Add Back:	
PSF Funding	11.20
FRF Funding	14.81
MRET Funding	1.85
Performance Excluding PSF/FRF/MRET	66.90
Take Off: Profit on disposal, Pharm@Sea, Impairments and Donated Asset Movement	(13.91)
2019/20 Reported Deficit	52.99

Financial outlook

The Trust has submitted draft operational and financial plans for 2020/21. The control total, issued by NHS Improvement, is a planned deficit of £47.507m; excluding any non-recurrent allocations from the Financial Recovery Fund (FRF). Including non-recurrent allocations, the control total is breakeven.

The Trust is currently working to an interim financial framework which assumes it will breakeven month on month for the period April to July 2020. The purpose of the financial framework is to remove routine burdens and allow NHS organisations to devote maximum operational effort to Covid-19 readiness and response. This has been achieved through simplifying contracting for the duration of the crisis and ensuring that sufficient funding is available to respond.

The arrangements are as follows:

- The Trust is receiving a fixed monthly payment from commissioners that it had significant contractual relationships with in 2019/20.
- The Trust is also receiving a top-up payment to cover the difference between the costs incurred by the Trust and the income received from the fixed monthly payments from commissioners.
- The Trust is able to claim for additional income to cover costs that have been solely incurred due to Covid-19.

Discussions are ongoing at a national level with regard the financial framework from August 2020.

Efficiency programme delivery

The strive for quality-led improvements remains a key priority for BSUH, and supports the NHS Long Term Plan to develop workforce, technology and innovation-led efficiencies. Improvements to patient experience – including safety and

effectiveness – means we can deliver consistent high-quality care in more cost-effective ways; improving the flow of patients through our hospitals.

To ensure quality is maintained and improved, all efficiency schemes complete rigorous quality and safety checks. Quality impact assessments are developed by staff working in the relevant areas, and are signed off at executive level before implementation. This allows us to ensure that planned improvements are achieved as expected and that any changes are carefully managed so as to not negatively impact on patients and staff.

Schemes were developed using a wide variety of sources, including benchmarking tools including NHS Improvement's Model Hospital. This encourages NHS Trusts to explore their comparative productivity, quality and responsiveness, and provides a clearer view of improvement opportunities. While some variation in trust activity is expected and warranted, the Model Hospital supports trusts to identify and tackle unwarranted variation.

As a high proportion of the Trust's spend is on workforce and drug medication, these areas had greater focus in the efficiency programme. In workforce, we targeted premium spend through recruitment into vacancies and new ways of working. In medical workforce, creative solutions to long-standing vacancies were targeted through the introduction of new, alternate roles that were more attractive to staff yet continued to provide consistent, high quality care to patients. Our medicines management team sought opportunities for the standardisation of drugs in our hospitals, as well the utilisation of new technology in high-cost drugs where development of proven bio-similar alternatives gave significant cost savings to the wider NHS. Supporting our clinical teams, the Procurement team helped deliver almost £3.5m of savings through central cost negotiation and usage standardisation.

Overall, £26.59m savings (98% of plan value) were delivered against the target of £27.07m

Summary

From a financial perspective 2019/20 was a positive year. The Trust was able to maintain the progress made over the previous two years and embed the process of continuous improvement. Further, the Trust delivered all the agreed financial priorities including; delivering the control total and securing support for the Trust's proposals for financial sustainability. The year ended in a way that none of us quite expected but the Trust was able to respond in a way that ensured patient care and staff safety were prioritised and supported by robust financial governance arrangements. The key financial priorities for next year are to:

- deliver a breakeven position as supported by the new financial framework;
- ensure that we facilitate the Trust's response to the Covid-19 pandemic; and
- maintain robust and effective financial governance arrangements that support timely decision making in our response to Covid-19.

Going concern

After making enquiries, the Directors have a reasonable expectation that the NHS Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts. For more details see section 4 of this report on the Trust's financial statements.

Our Capital Plan

The Trust's Capital Plan is comprised of two components: strategic capital and operational capital. The strategic capital plan is the budget spent on major projects in varying stages of development, including:

- 3Ts development (£68.8m);
- Investment in our estates/backlog maintenance (£7.9m); and
- Creating an additional 18 winter beds on L8 and L9 of the Millennium Wing (£3.2m).

Development of the operational capital plan followed an extensive prioritisation process and Board approval in March 2019. During the year the Trust successfully delivered 132 separate investments totalling £22.99m. These covered a wide range of investments linked to clinical divisional priorities (including service developments), medical devices, investments in backlog maintenance and IM&T infrastructure and systems. These investments were also supported by £1.216m of charitable funds from the Trust own charity and partner charitable organisations. Notable investments included:

- Replacement of our Pharmacy robot system on the RSCH site (£1.124m);
- Replacement of our fleet of Endoscopy scopes and associated decontamination equipment (£4.154m);
- The first phase of a replacement programme for our Cardiac Cath Labs (£1.1m);
- Replacement of more than 75 items of aging medical equipment (£4.651m); and
- Significant investments in our IM&T infrastructure, hardware and a dozen new software systems (£6.545m).

3Ts Redevelopment

The 3Ts Redevelopment is a three stage programme to completely rebuild the front 45% of the Royal Sussex County Hospital. Work is underway on the Stage 1 Building that occupies most of the south east quarter of the County Hospital site, and the helideck that is located on the roof of the Thomas Kemp Tower, the tallest of the hospital's existing building. The exterior of the Stage 1 Building is nearing completion and the helideck is expected to come into operation in 2020.

The 3Ts Redevelopment has been identified as a vital construction project and work is continuing on both the Stage 1 Building and the Helideck during the Covid-19 lockdown period. The main contractor, Laing O'Rourke, has operational policies in place to ensure safe working for all staff. The Trust and Laing O'Rourke are working together to ensure the impact of Covid-19 on the 3Ts Redevelopment is safely minimised.

The Stage 1 Building will be an 11 storey, state-of-the-art clinical facility. It will house a mixture of specialist, general and outpatient services. On opening it will significantly increase the Trust's Critical Care, Neurosciences, Stroke and Trauma capacity. Patients and staff of more than 30 wards and departments will benefit from the new facilities. These include the wards from the Barry Building, the oldest acute ward building in the NHS that opened in 1828. The Stage 1 Building will link to the hospital's existing Emergency Department (ED). This will create an extended 'hot floor' for the management of emergency patients across the existing ED footprint and level 5 of the Stage 1 Building.

The completion of the framework for the Stage 1 Building was celebrated at a 'Topping-out Ceremony' in June 2019. The focus of the work then moved onto the glazing and external cladding of the building. With the exception of the link bridges between the Stage 1 Building and the existing Thomas Kemp Tower, the external envelope of the building is largely complete. This has enabled work on the internal fit out of the building to advance on several floors.

The order of the fit out is dictated by the complexity of the equipment to be used on each floor. This is the most efficient way of fitting out the building and means that progress may vary across the floors of the building. As an example, level 4 requires more fit out work than most other floors because part of it will house the new Imaging Department. Imaging equipment can require special shielding and high levels of electrical and gas supplies. It will require a longer fit out period and has therefore been started early on in the process.

The engagement programme for staff who will be working in the new building has continued throughout the year. Amongst other elements, the programme offers staff the chance to experience the new building using virtual reality. 400 colleagues have now used this immersive 3D system. It allows them an in-depth view of their future departments and assists with planning how best to work in them. We understand that this is the first time that VR has been used at this scale for a hospital development in the UK. The wider engagement programme has also been using technology to promote the redevelopment, through an augmented reality app. More than 1300 people have used it to see 3D versions of the new building's floors through their phones or tablets.

The first of the four tower cranes was removed from the Stage 1 site in August 2019. The three remaining cranes are involved with completing the final elements of the building's external envelope and the completion of the link bridges between the Stage 1 Building and the Thomas Kemp Tower, on levels 5, 6 and 7. The remaining cranes will be taken down over the summer of 2020. From that point onwards the external appearance of the building will change very little, but work on the inside of it will continue apace.

The helideck has been built on top of the Thomas Kemp Tower and will allow air ambulances to land in the heart of the hospital rather than at East Brighton Park, as they do currently. The helideck will be served by a main and a back-up lift that will take patients directly to the Emergency Department. The helideck will support the Trust's leading role in trauma care for the region.

Care Quality Commission Inspection

In September 2018 the CQC undertook a comprehensive inspection of both the Royal Sussex County Hospital in Brighton and the Princess Royal Hospital in Haywards Heath. The full findings of their inspection, which were published in January 2019, saw the Trust rated as 'Good' overall and 'Outstanding' for care.

Following the inspection the Trust has developed a CQC Action Tracker, detailing all actions by division, the progress made and the evidence method. This is updated and monitored monthly at the Patient Safety Group. In May 2019 all our 'Must do's' were successfully completed. We now have 61 wider actions to deliver the learning from the inspection across the Trust each of these is being monitored in the Trust's developed tracker, 33 are complete and 28 are progressing in line with the completion dates.

In 2019 the CQC came to see A&E and ITU at RSCH and witnessed our Patient First system and improvement and safety huddles. They also attended four engagement events, visiting Newhaven, Maternity, End of life Care and Diagnostic and Imaging Core services at the County site. All of these visits resulted in positive feedback.

In June 2019 we took part in the CQC CLAS review which was a two day review of health services for Children Looked after and Safeguarding in Brighton and Hove. Following the visit the Trust contributed to the development of a system improvement plan and in a similar way to the comprehensive CQC visit the Trust has developed its own specific action plan which is monitored through the Patient Safety Group.

In 2020 we continue to develop a positive relationship with our regulator, having held a Provider Engagement Meeting in March which included a presentation highlighting our Dementia Services, which again was positively received by the CQC. The CQC is due to visit Outpatients at PRH in June.

Our Commitment to Sustainability

Cutting carbon emissions, as part of the fight against climate change and the significant impact on human health, is a key priority for the Trust. BSUH is working with colleagues from other NHS organisations within Sussex and East Surrey.

The STP's collective carbon footprint is estimated at 100,000 tonnes CO2e per annum (BSUH accounts for just over a quarter of the total). This is primarily driven by energy consumption across the estate but it is also estimated the system produces more than 10,000 tonnes of physical waste with staff driving more than 20 million business miles each year.

In 2019/20 four key environmental sustainability workstreams were established:

1. Utilities: Options for driving energy and water efficiency across estate (including water industry deregulation options). Investigate opportunity to create single investment vehicle to achieve cost and carbon savings across estate.

2. Waste and Resources: Assess potential for a harmonised waste policy, targets and operational procedures, collective contract tendering and establish a centralised Waste Bureau service to manage service.

3. Staff Travel: Scope the opportunity for a single Travel Transformation Plan to reduce staff travel time, cost and carbon across the local system and centralised Travel Bureau function to implement project work and support staff.

4. Commercial Transport: Assess potential for consolidation of commercial courier services delivered by and provided to all STP organisations.

In 2019/20 we:

- Reduced our wastage by 10% and ensured the trust send no waste to landfill.
- Market tested our energy supply to deliver electricity from 95% renewable sources
- Signed up to the NHS Plastics Pledge
- Developed an Energy Procurement Project with the Carbon Energy Fund
- Reduced the use of disposable cups with the return to refill campaign
- All staff received a free reusable cup
- Reviewed all plastics within catering; replacing where possible to do so
- Set up the Environments Steering Committee

Our sustainability plan for 2020/21 includes:

- The commencement of the delivery on the Energy Procurement Contract
- To deliver, by April 2021, the NHS Plastics Pledge
- To tender all pool cars with a view to replace with electric / hybrid vehicles
- To continue to reduce food wastage across all catering units

Fraud, bribery and corruption statement

BSUH is committed to eliminating fraud and corruption within the NHS, freeing up public resources for better patient care. To this end, the Trust employs a specialist counter-fraud service to provide a comprehensive programme against fraud and corruption which is overseen by the Trust's Audit Committee.

All anti-fraud and corruption legislation is complied with. It is a criminal offence to give, promise or offer a bribe, and to request, agree to receive, or accept a bribe. A bribe may take the form of any financial or other advantage to another person in order to induce a person to perform improperly.

Although the Bribery Act permits modest levels of gifts, hospitality and sponsorship, all staff are required to consider on an individual basis whether accepting any gifts, hospitality and sponsorship is appropriate, and should they then elect to accept it, to declare it in line with the Trust's Managing Conflicts of Interest policy.

The same principle applies to declarations of interest, i.e. staff are also required to declare any conflicts of interest they may have regarding financial or other ties to external organisations.

It is also important that all of our contractors and agents comply with our policies and procedures.

When entering into contracts with organisations the Trust follows the NHS standard terms and conditions of contract for the purchase of goods and supplies.

We ask all who have dealings with the Trust, as employees, agents, trading partners, stakeholders and patients, to help us in our fight against fraud and corruption and to contact the counter-fraud service in confidence if they have any concerns or suspicions.

We have increased our anti-fraud surveillance work during the Covid-19 period recognising the increased pressure the Trust is under and recognising the intelligence provided by the NHS Counter Fraud Authority who through the Local Counter Fraud Specialist provide regular and frequent anti-fraud bulletins.

Statement on social responsibility

BSUH reflects its social responsibility within the way it undertakes its business, this is from the recruitment, retention and development of our staff as noted within this report in respect of our equality, diversity and inclusion work through to way we deliver of services making them accessible and environmentally sustainable again as detailed within this report through to our wider responsibility to work with our partners with regard to our responsibilities under safeguarding to protect our patients and their families and careers.

<u>Our Charity</u>

BSUH Charity is one of more than 250 NHS Charities that exist across the UK to support their local hospitals. Our charity exists to help patients of BSUH NHS Trust access the best possible care.

As the Trust's own dedicated charity, BSUH Charity supports fundraising for all wards and departments. This includes our four hospitals: the Royal Sussex County Hospital, the Royal Alexandra Children's Hospital, the Sussex Eye Hospital and the Princess Royal Hospital.

Supporters donations are used to enhance the care and services provided to BSUH patients above and beyond what we can do with core government funding.

BSUH Charity vision: Improving the experience of every patient

Our core priorities:

- Creating more patient friendly environments
- Providing equipment for diagnosis and treatment
- Supporting staff development to provide even better care
- Advancing our understanding through research projects

Some of the ways BSUH Charity helped to make it even better for our patients this year:

- **State of the art video equipment** paid for by donations to BSUH Charity is helping deliver quality service and care for patients at the Sussex Cancer Centre. Specialists need to link up at key decision making points during a cancer patient's treatment. This involves multi-disciplinary team meetings, with various clinicians hosted across a video-conference. Thanks to the generosity of supporters, around £40,000 was spent on the upgrade of the centre's video conferencing facility. New meeting room tables and chairs were also installed.
- Patients at the Sussex Cancer Centre are also benefiting from the purchase of new **cooling cap machines** designed to help reduce hair loss caused by chemotherapy treatment.
- Work on a **£250,000 refurbishment of TMBU** was completed creating a calmer and more spacious environment for babies and their families. Refurbishment of the Trevor Mann Baby Unit (TMBU) was funded by BSUH Charity and its partner charity the Early Birth Association. It created more space for cots and improved family accommodation. Other areas were improved through redecoration and sound-proofing to allow privacy during difficult times.
- A **portable slit lamp** costing around £5,000 was bought for use by the team at Pickford Ward and the Eye Hospital's A&E department. The lamp gives a magnified view of the eye structures enabling anatomical diagnoses to be made for a variety of eye conditions. To be examined with the existing slit lamp, inpatients at the County had needed to make their way to the Eye Hospital or be helped there by hospital staff. The same examination can be now done at their bedside using the portable slit lamp bought thanks to donations to BSUH Charity.
- BSUH **eye patients are also benefitting from a laser** installed for use at eye clinics held at the Princess Royal Hospital. It is helping eliminate the need for some patients to have to travel to Brighton for laser treatment.
- Every Park Centre for Breast Care patient that's having surgery is **offered a free bra paid for by BSUH Charity.**
- We help finance BSUH Trust's permanent art programme Onward Arts. It seeks to improve the experience of patients, visitors and staff through art, so **creating a more healing hospital environment for all.**
- BSUH Charity is also committed to supporting staff development to provide even better care. During this year we funded the development of an innovative new board game for A&E staff. **The Floor is a sophisticated training tool** to be used by multi-disciplinary teams, helping them develop

skills, share knowledge and ultimately improve performance and safety within an Emergency Department.

BSUH Charity Fundraising work

The aim of the fundraising strategy for BSUH Charity is to predict income based on planned fundraising activities. The charity team is working to build relationships with clinical teams to assist in applying for and receiving grants.

We hired a part-time Community & Events Fundraiser during 2019 to help support fundraising efforts.

Examples of fundraising

- In May 2019, BSUH Charity held a highly successful fundraising abseil from Brighton's i360. All two dozen abseilers who ascended 450ft into the skies overcame their fears and came down by rope. Together, those who took part have raised more than £20,000 to help deliver the Charity's vision of improving the experience of BSUH patients.
- Five runners fundraising for us completed the Brighton Marathon in 2019 a further two ran the Brighton Half. Director of BSUH Charity Sarah Tasker said, "These events take place on the doorstep of our Brighton hospitals. It is truly inspirational to watch all the runners going by, especially as so many of them have incredible personal stories and reasons for taking on the challenge for themselves and for our patients".
- Staff from the Brighton and Hove Bus & METROBUS companies cycled from Crawley to Paris in September 2019 and raised more than £3,100 to support the Trevor Mann Baby Unit (TMBU)
- A young BSUH Charity fundraiser's enthusiasm so impressed nurses that she was invited to visit the ward she supported so that staff there could thank her in person. Emma Bull was only ten years old when she raised more than £50 for BSUH Charity by doing a sponsored run in Hove Park. She had previously raised £50 doing a sponsored bike ride.
- Our 2019 Christmas campaign saw the local Brighton branch of Reed donate hundreds of advent calendars for young patients at the Alex Hospital. Reed had kindly collected the calendars from their clients.

Partner charities

We are grateful for the work our partner charities do to raise funds for BSUH hospitals and patients.

Our partner charities are listed below.

- Early Birth Association (Reg Charity No 286727)
- Friends of Brighton and Hove Hospitals (Reg Charity No 209414)
- League of Friends of the Princess Royal Hospital (Reg Charity No 257130)
- League of Friends of the Hurstwood Park Neuro Centre (Reg Charity No 263171)
- Rockinghorse (Reg Charity No 1018759)
- Sussex Cancer Fund (Reg Charity No 1147195)
- Sussex Stroke and Circulation Fund (Reg Charity No 297807)
- The Sussex Heart Charity (Reg Charity No 11209

2 ACCOUNTABILITY REPORT

Corporate Governance Report

Directors' Report

Our Board of Directors 01 April 2019 to 31 March 2020

NON-EXECUTIVE DIRECTORS

Alan McCarthy, Chairman from 01-10-18 (Term of Office to 30-09-21)

Chair of the Executive Appointments and Remuneration Committee

Chair of 3Ts Oversight and Assurance Committee from October 2019

Patrick Boyle Deputy Chair from 01-01-19 (Term of Office to 19-01-21)

Chair of the Finance and Performance Committee

Mike Rymer (Term of Office to 22-01-2021)

Chair of the Quality Assurance Committee

Kirstin Baker (Term of Office to 31-03-20)

Chair of the Audit Committee from January 2020

Chair of 3Ts Oversight and Assurance Committee to September 2019

Martin Sinclair (Term of Office to 30- 06-19)

Chair of Audit Committee to June 2019

Lizzie Peers (Term of Office to 11-05-23)

Chair of Charitable Funds Committee

Chair of Audit Committee from July 2019 to December 2019

Malcolm Reed (Term of Office to 31-10-19)

Non-Executive Director

Jackie Cassell (Term of Office to 31-10-22)

Non-Executive Director

Note Martin Sinclair retired as a Non-Executive Director for BSUH in June 2019 and his position on the Board has remained vacant for the rest of 2019/20.

ASSOCIATE NON-EXECUTIVE DIRECTORS (non-voting members of the Board)

From 1st April 2017 the Western Sussex Hospitals NHS Foundation Trust (WSHFT) took on responsibility for the operation of Brighton and Sussex University Hospitals NHS Trust (BSUH) under a three-year management contract. As part of the Board arrangements, the Non-Executive Directors for WSHFT (Joanna Crane and Jon

Furmston) attend Brighton and Sussex University Hospitals NHS Trust Board and Committee meetings as Board advisors but with no formal accountability or voting rights. Jon retired as a Board advisor in December 2019, but remained a NED for WSHFT.

EXECUTIVE DIRECTORS

Dame Marianne Griffiths, Chief Executive

Dr George Findlay, Chief Medical Officer and Deputy Chief Executive

Karen Geoghegan, Chief Financial Officer

Pete Landstrom, Chief Delivery and Strategy Officer

Denise Farmer, Chief Workforce and Organisational Development Director until 14-01-2020. Denise returned as Group Organisation Development Director from February 2020.

Nicola Ranger, Chief Nurse (until 30-06-2019)

Claire Williams, interim chief nurse (from 01-07-2019 to 27-10-2019)

Carolyn Morrice, Chief Nurse (from 28-10-2019)

Jayne Black, Chief Operating Officer

How the Trust is governed

The Trust is governed in accordance with its establishment order and Standing Orders, Scheme of Reservation, Scheme of Delegation, Standing Financial Instructions.

In seeking to ensure appropriate governance arrangements the Trust Board must critically appraise its systems, processes, skills and reporting mechanisms. The Trust's governance arrangements need to take into account guidance from the Department of Health, NHS Improvement and NHS Providers on integrated governance.

In light of the Management Contract with Western Sussex Hospitals NHS Foundation trust the Board reviewed its Board and Committee governance and implemented a revised Board Committee structure in April 2017, which has continued through this year. This is detailed in the 'Board Committees' section of this report.

The Board

The Chair and Non-Executive Directors are appointed through an NHS Improvement led appointments process.

The Directors of the Trust for the period of this report are shown in the table below together with their attendance at Board meetings for the period.

The Trust has 6 independent Non-Executive Directors, one of whom is nominated by the Universities of Brighton and Sussex, in addition to the Chairman.

The Board Nomination and Remuneration Committee appoint the Trust Executive Directors.

All these appointments are subject to annual appraisal. The Chairman is appraised by NHS Improvement; the Non-Executive Directors by the Chairman; the Chief Executive by the Chairman; and Executive Directors by the Chief Executive.

All members of the Board complete a *Fit and Proper Person* declaration on appointment and then annually thereafter, in addition to other employment checks.

How the Board Operates

The Board has agreed a scheme of reservation and delegation which sets out those decisions which must be taken by the Board and those which may be delegated to the Executive or to Board sub-committees.

The Board sets the Trust's strategic aims and provides active leadership of the Trust. It is collectively responsible for the exercise of its powers and the performance of the Trust, for ensuring compliance with the Trust's Provider Licence, relevant statutory requirements and contractual obligations, and for ensuring the quality and safety of services. It does this through the approval of key policies and procedures, the annual plan and budget for the year, and schemes for investment or disinvestment above the level of delegation.

The Non-Executive Directors play a key role in taking a broad, strategic view, ensuring constructive challenge is made and supporting and scrutinising the performance of the Executive Directors, whilst helping to develop proposals on strategy.

Board meetings follow a formal agenda which includes Patient Safety and Experience and a range of Strategic and Operational items including; clinical governance, financial and non-financial performance, together with performance against quality indicators set by the Care Quality Commission (CQC), NHS Improvement and by the Executive. These include measures for infection control targets, patient access to the Trust, waiting times, length of stay, complaints data and the results of the Friends and Family Test. The Board receives a structured integrated performance report that reflects the Trust's performance against its True North priorities, and where appropriate information on its breakthrough objectives, strategic initiatives and corporate projects.

During the year the trust held 5 Public Board Meetings, and 12 Private Board Meetings. In addition, there was an Annual General Meeting held in September 2019.

In addition, subject specific seminars were held with the Board and Governors, covering topics such as the Trust's clinical strategy, the Management Contract

between WSHFT and BSUH and the development of a sustainable group structure for WSHFT and BSUH, the Trust's sustainability strategy and cyber security.

Attendance at the Board of Directors Meetings

Attendance at Public Board meetings 1 April 2019 to 31 March 2020

Name	May	Jul	Sept	Nov	Jan
Alan McCarthy	✓	✓	✓	✓	✓
Patrick Boyle	✓	✓	✓	✓	✓
Joanna Crane	✓	✓	X	✓	✓
Jon Furmston*	X	X	✓	X	n/a
Lizzie Peers*	X	✓	✓	✓	✓
Kirstin Baker	✓	X	X	X	✓
Martin Sinclair (to 30/06/2019)	✓	---Retired---			
Mike Rymer	✓	✓	✓	✓	✓
Malcolm Reed (to 31/10/2019)	X	✓	✓	---Retired--	
Jackie Cassell (from 1/11//2019)	---Not in post---			✓	✓
Dame Marianne Griffiths	✓	X	✓	✓	X
Pete Landstrom	✓	X	✓	✓	✓
George Findlay	✓	✓	✓	✓	✓
Karen Geoghegan	✓	X	✓	✓	✓
Jayne Black	X	X	✓	✓	✓
Nicola Ranger (to 30/06/2019)	✓	---Left The Trust---			
Denise Farmer (to 14/01/2020)	✓	X	✓	✓	n/a
Clare Williams (01/07/2019 – 27/10/2019)	Not in post	✓	✓	Not in post	
Carolyn Morrice (from 28/10/2019)	---Not in post---			✓	✓

* Non-Executive Director Advisor
** In attendance

Due to the national guidance on public gatherings and respecting social distancing the Public Board in March 2020 was cancelled.

Attendance at Private Board meetings 1 April 2019 to 31 March 2020

Name	Apr ****	Apr ***	May	May ***	Jul	Aug ***	Sep	Oct ***	Nov	Nov ****	Jan	Mar
Alan McCarthy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Patrick Boyle	✓	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓
Joanna Crane	✓	X	✓	X	✓	X	X	✓	✓	✓	✓	✓
Jon Furmston*	X	X	X	X	X	X	✓	X	X	X	Retired	
Lizzie Peers*	✓	X	X	✓	✓	X	✓	X	✓	✓	✓	✓
Kirstin Baker	✓	✓	✓	X	✓	X	X	✓	X	✓	✓	✓
Martin Sinclair (to 30/06/2019)	✓	✓	✓	✓	---Retired---							
Mike Rymer	✓	X	X	✓	✓	✓	✓	X	✓	X	✓	✓
Malcolm Reed (to 31/10/19)	X	X	X	X	✓	X	✓	---Retired---				
Jackie Cassell (from 31/10/19	---Not In Post---							X	✓	X	✓	✓
Dame Marianne Griffiths	✓	✓	✓	✓	X	X	✓	✓	✓	✓	X	✓
Pete Landstrom	✓	✓	✓	X	X	X	✓	✓	✓	✓	✓	✓
George Findlay	X	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	✓
Karen Geoghegan	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓
Jayne Black	✓	X	X	✓	X	✓	✓	✓	✓	X	✓	✓
Nicola Ranger (to 30/06/2019)	✓	X	✓	✓	---Left The Trust---							
Denise Farmer (to 14/01/20)	✓	X	✓	✓	X	✓	✓	✓	✓	✓	n/a	
Clare Williams 01/07/2019 – 27/10/2019)	---Not In Post---				✓	✓	✓	✓	n/a			
Carolyn Morrice (from 28/10/2019)	---Not In Post---							✓	✓	X	✓	✓
Rob Haigh**	X	X	X	X	X	X	✓	X	X	X	X	✓
Helen Weatherill**	X	✓	✓	X	X	✓	✓	X	✓	X	X	X
Clare Stafford**	X	✓	✓	✓	X	✓	✓	X	X	X	✓	X

* Non-Executive Director Advisor
** In attendance
*** Extraordinary Board Meeting
**** Joint Extraordinary Board Meeting with WSHFT

Board of Directors Committee structure

The Board Committees were revised on the 1 April 2017 into the following structure to ensure that all governance domains and the business of the Trust are adequately assured.

Each committee is chaired by a Non-Executive Director, with strong Executive and Non-Executive membership and reporting directly to the Board of Directors.

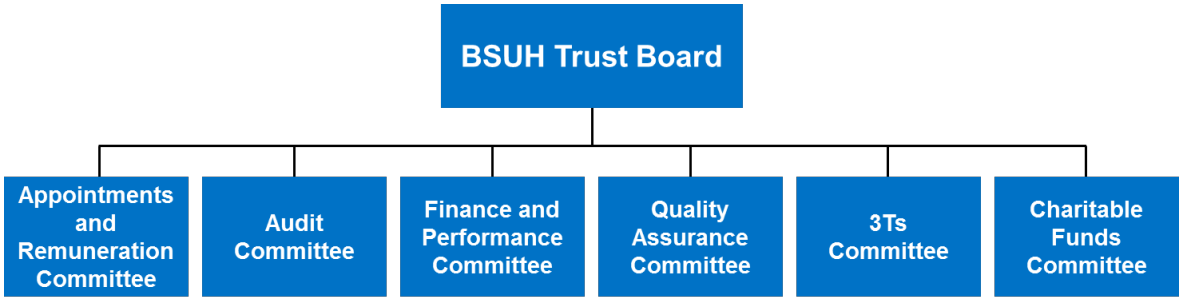


Table 1: governance structure

Audit Committee

The existence of an independent Audit Committee is the central means by which the Trust Board ensures effective control arrangements are in place. The Audit Committee membership is solely made of Non-executive directors in line with the NHS Code of Governance.

The Audit Committee independently reviews, monitors and reports to the Board on the attainment of effective control systems and financial reporting processes.

Register of Members' attendance at Audit Committee meeting for the period 01 April 2019 to 31 March 2020

Name	Apr	May	Jul	Oct	Feb	Total
Martin Sinclair (Non-Executive Director and Committee Chair to 30/06/2019)	✓	✓	---Retired---			2/2
Lizzie Peers (Non-Executive Director and Committee Chair from 30/06/2019 to 31/01/2020)	X	✓	✓	✓	✓	4/5
Patrick Boyle (Non-Executive Director)	✓	X	✓	✓	✓	4/5
Mike Rymer (Non-Executive Director)	✓	✓	✓	✓	✓	5/5
Kirstin Baker (Non-Executive Director and Committee Chair from 31/01/2020)	Not a member until October			✓	✓	2/2
Jon Furmston* (Non-Executive Director Advisor to 31/12/2019)	✓	✓	✓	✓	n/a	4/4

*In attendance and retired in October

The Chief Financial Officer, Chief Workforce and Organisational Development Officer, Chief Operating Officer, Local Counter Fraud Services, Internal and External Auditors are regular attendees at meetings of the Committee. The Committee requests other senior Trust officers to attend for specific items. The Committee is supported by the Company Secretary.

The Trust retained its External Auditors, Ernst and Young, for the year.

The Trust does not have its own internal audit. The Trust's Internal Auditor changed to BDO following the conclusion of a competitive tendering exercise. The Trust's Local Counter Fraud Service is maintained in-house.

The Audit Committee Agenda is based upon an agreed annual work-plan. In order to maintain independent channels of communication, the members of the Audit Committee hold a private meeting collectively with External Audit, Internal Audit and Counter Fraud ahead of each Audit Committee. This provides all parties the opportunity to raise any issues without the presence of management.

The Audit Committee is responsible to the Board for reviewing the adequacy of the governance, board assurance and risk management and internal control processes within the Trust. In carrying out this work the Audit Committee obtains assurance from the work of the Internal Audit, External Audit and Counter Fraud Services.

The Audit Committee review the financial year-end Annual Report, Annual Accounts and Annual Governance Statement with the External Auditor prior to Board approval and sign off.

The Audit Committee agrees the schedule of Internal Audit reviews and receives the reports of those audits and tracks the implementation of recommendations at each of its meetings.

Quality Assurance Committee

The Quality Assurance Committee supports the Board in ensuring that the Trust's management of clinical and non-clinical processes and controls are effective in setting and monitoring good standards and continuously improving the quality of services provided by the Trust.

Register of Members' attendance at Quality Assurance Committee meeting for the period 01 April 2019 to 31 March 2020

Name	May	July	Sep	Nov	Jan	Mar	Total
Mike Rymer (Non-Executive Director and Committee Chair)	✓	✓	✓	✓	✓	✓	6/6
Martin Sinclair (Non-Executive Director to 30/06/2019)	✓	---Retired---					1/6
Joanna Crane (Non-Executive Director Advisor)	X	X	✓	X	✓	✓	3/6
Malcolm Reed (Non-Executive Director to 31/10/2019)	X	X	✓	X	--Retired-		1/6

Name	May	July	Sep	Nov	Jan	Mar	Total
Lizzie Peers (Non-Executive Director)	✓	✓	✓	✓	✓	✓	6/6
Jackie Cassell (Non-Executive Director from 31/10/19)	---Not In Post---			✓	✓	✓	3/3
Kirstin Baker * (Non-Executive Director)	X	✓	X	X	✓	X	2/6
George Findlay (Chief Medical Officer and Deputy Chief Executive)	✓	X	✓	✓	✓	X	4/6
Nicola Ranger (Chief Nurse and Patient Safety Officer to 30/06/2019)	✓	---Left The Trust---					1/1
Denise Farmer (Chief Workforce and Organisational Development Director to 14/01/2020)	✓	X	✓	✓	n/a	n/a	3/4
Clare Williams (Chief Nurse 01/07/19 – 27/10/19)	✓	✓	X	n/a	n/a	n/a	2/3
Carolyn Morrice (Chief Nurse from 28/10/2019)	-Not In Post-			✓	✓	✓	3/3
Jayne Black (Chief Operating Officer)	✓	✓	X	X	X	✓	3/6
Rob Haigh (Medical Director)	X	✓	✓	✓	✓	✓	5/6

*In attendance

Finance and Performance Committee

The Finance and Performance Committee supports the Board to ensure that all appropriate action is taken to achieve the financial objectives of the Trust through regular review of financial strategies and performance, investments, and capital and estates plans and performance.

The Committee is chaired by the Chair of the Trust and all Non-Executive and Executive Directors are invited to attend.

Register of Members' attendance at the Finance and Performance Committee meeting for the period 01 April 2019 to 31 March 2020

Name	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Jan	Feb	Mar	Total
Patrick Boyle (Non-Executive Director & Committee Chair)	✓	✓	X	✓	X	✓	✓	✓	✓	✓	✓	9/11
Alan McCarthy (Chairman)	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	10/11
Martin Sinclair (Non-Executive Director) (to 30/06/2019)	✓	✓	✓	---Retired---								3/3
Kirstin Baker** (Non-Executive Director)	✓	X	X	✓	X	X	✓	✓	X	X	X	4/11
Dame Marianne	✓	✓	X	✓	X	✓	✓	X	X	X	X	4/11

Name	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Jan	Feb	Mar	Total
Griffiths (Chief Executive)												
Karen Geoghegan (Chief Financial Officer)	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	10/11
George Findlay (Chief Medical Officer and Deputy Chief Executive)	✓	X	✓	X	✓	✓	✓	✓	✓	X	X	7/11
Nicola Ranger (Chief Nurse to 30/06/2019)	X	✓	✓	---Left The Trust---								2/3
Denise Farmer (Chief Workforce and Organisational Development Director) (to 14/01/2020)	X	✓	✓	X	✓	✓	✓	✓	n/a			6/8
Pete Landstrom (Chief Delivery and Strategy Officer)	✓	X	X	X	X	✓	✓	✓	X	X	X	4/11
Jayne Black (Chief Operating Officer)	X	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	9/11
Carolyn Morrice (Chief Nurse from 28/10/2019)	---Not In Post---						✓	✓	✓	✓	✓	5/5
Clare Williams (Interim Chief Nurse 01/07/2019 – 27/10/19	n/a			✓	✓	✓	✓	n/a				4/4
Mike Rymer* (Non-Executive Director)	X	X	X	X	✓	X	X	X	✓	✓	✓	4/11
Joanna Crane* (Non-Executive Director Advisor)	X	X	X	X	X	X	✓	X	X	X	✓	2/11
Lizzie Peers* (Non-Executive Director)	X	X	X	X	X	✓	X	X	X	X	✓	2/11

* Non-members, in attendance
** became a member when Martin retired

Charitable Funds Committee

The purpose of the Charitable Funds Committee is to monitor progress and performance against the strategic direction of the Trust's charity fundraising activity as determined by the Board as corporate Trustee; to approve and monitor expenditure of charitable funds in line with specified priority requirements; and to monitor the management of the Trust's investment portfolio ensuring that the Trust at all times adheres to Charity Law and to best practice in governance and fundraising.

Register of Members' attendance at the Charitable Funds Committee meeting for the period 01 April 2019 to 31 March 2020

Name	Jul	Oct	Nov **	Feb	Total
Martin Sinclair (Non-Executive Director and Committee Chair to 30/06/19)	✓	--Retired--			1/4
Lizzie Peers (Non-Executive Director and Committee Chair from	✓	✓	✓	✓	4/4

01/07/19)					
Patrick Boyle (Non-Executive Director)	X	✓	✓	✓	3/4
Clare Stafford (Finance Director)	✓	✓	✓	✓	4/4
Denise Farmer (Chief Workforce and Organisational Development Officer to 14/01/2020)	X	X	✓	n/a	1/3
Mike Rymer * (Non-Executive Director)	X	✓	X	✓	2/4
Joanna Crane * (Non-Executive Director Advisor)	✓	X	X	X	1/4

* Non-members, in attendance
** Extraordinary Meeting

3Ts Committee

The purpose of the 3Ts Committee is to provide assurance on the progress of this key project.

Register of Members' attendance at the 3Ts Committee meeting for the period 01 April 2019 to 31 March 2020

Name	May	Jun	Jul	Oct	Nov	Dec	Jan	Feb	Mar	Total
Kirstin Baker (Non-Executive Director and Committee Chair to 30/09/19	✓	✓	✓	✓	X	✓	✓	X	✓	7/9
Alan McCarthy (Chairman and Committee Chair from 01/10/19)	Not a member before Oct			✓	✓	✓	✓	✓	✓	6/6
Lizzie Peers (Non-Executive Director)	✓	✓	✓	X	✓	X	✓	✓	✓	7/9
Pete Landstrom (Chief Delivery and Strategy Officer)	✓	✓	✓	✓	✓	✓	X	✓	✓	8/9
Karen Geoghegan (Chief Financial Officer)	✓	✓	✓	✓	✓	✓	✓	X	✓	8/9
Duane Passman (Director of 3Ts)	✓	✓	✓	✓	✓	✓	✓	✓	✓	9/9
Peter Larsen-Disney (Clinical Director of 3Ts)	X	X	✓	✓	✓	✓	X	X	X	4/9
Ian Arbuthnot (Director of IM&T)	✓	✓	✓	✓	✓	✓	✓	✓	X	8/9
Vincent Kane (Director, Turner and Townsend – independent Cost Advisor to BSUH)	✓	✓	✓	✓	✓	X	✓	✓	✓	8/9
Mike Rymer (Non-Executive Director)	X	X	X	✓	✓	✓	✓	✓	✓	6/9
Patrick Boyle* (Non-Executive Director)	X	X	X	✓	X	X	✓	✓	✓	4/9
Joanna Crane* (Non-Executive Director Advisor)	X	X	X	✓	✓	✓	✓	✓	✓	6/9
George Findlay* (Chief Medical Officer and Deputy Chief Executive)	Became a member from Oct			✓	✓	✓	X	✓	X	4/6

* Non-members, in attendance

Appointment and Remuneration Committee

The Committee sets the terms and conditions of the Executive Directors. This Committee's membership is Non-Executive Directors only.

In attendance at meetings are the Chief Executive, Chief Workforce and Organisational Development Director and the Group Company Secretary.

During the period the Committee did not procure any external advice relating to pay and the Trust does not operate performance related pay.

Appointments and appraisal

The Chair and Non-Executive Directors are appointed through an NHS Improvement led appointments process.

The Chairman, other Non-Executive Directors, and the Chief Executive are responsible for deciding the appointment of Executive Directors.

The Chief Executive undertakes an appraisal on the performance of the Executive Directors, which are formally reported to the Appointment and Remuneration Committee. The Chair conducts the Chief Executive's appraisal which is reported in the same way. The Chair also undertakes the appraisal of the Non-Executive Directors while the Chairs appraisal is undertaken by the regulator, NHS Improvement.

Pharm@Sea Limited

Pharm@Sea Limited is a wholly owned subsidiary of the Trust and provides an Outpatient Dispensing service. As a trading company, subject to an additional legal and regulatory regime (over and above that of the Trust), this activity is considered to be a separate business segment. A significant proportion of the company's revenue is inter segment trading with the Trust which is eliminated upon the consolidation of these group financial statements.

Statement of compliance with the NHS Constitution

The Board of Directors takes account of the NHS Constitution in its decisions and actions, as they relate to patients, the public and staff. The Board of Directors is compliant with the principles and pledges set out in the Constitution. The Trust's agreed plan was to deliver two of the Constitutional Standards relating to Cancer and Diagnostics, these were however, these were not finally achieved due to the impact of the challenges in dealing with the Covid-19 pandemic and activity being cancelled to allow resources to be directed to the treatment of Covid-19 patients.

Statement on Directors Disclosures

The Annual Report is required to include a statement that for each individual, who is a Director at the time the report is approved, as follows:

- So far as each Director is aware, there is no relevant audit information of the which the (external) auditor is unaware; and
- The Director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors have confirmed the above statement.

Declarations of Interest

All Board members have declared their relationship, under the terms of a management contract, with BSUH NHS Trust as an 'Interest' in order to provide transparency on Board decision making.

The Chair has not declared any significant commitments that require disclosure, other than that highlighted above relating to BSUH NHS Trust.

The Trust holds a register of company directorships and other significant interests, held by both directors and governors, which may conflict with their management responsibilities. The Audit Committee receives an Annual Report on Board Declarations and the process to mitigate any potential conflicts.

The register of these interests is made publically available on the Trust's public website this is available https://www.bsuh.nhs.uk/about-us/who-we-are/our-board/

Corporate Governance Code

The Board is satisfied that it complies with the Corporate Governance Code, this view is supported by the well led inspection undertaken by the CQC as well as the views of internal and external audit.

Dame Marianne Griffiths
Chief Executive

19 June 2020

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

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

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

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

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.

Dame Marianne Griffiths
Chief Executive

19 June 2020

Statement of Directors' Responsibilities in Respect of the Accounts

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

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

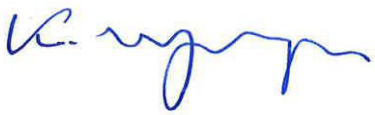
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They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

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

The Directors confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS Trust's performance, business model and strategy

By order of the Board

Dame Marianne Griffiths
Chief Executive
19 June 2020



Karen Geoghegan
Chief Financial Officer
19 June 2020

Annual Governance Statement

1 Scope of responsibility

1.1 As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS 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 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 Trust Accountable Officer Memorandum*.

1.2 The Trust's Standing Orders and Scheme of Delegated Authority outline the accountability arrangements and scope of responsibility of the Board of Directors ('the Board'), Executive Directors and Trust officers.

1.3 The Board receives regular minutes and reports from each of the nominated Committees that report into it. The terms of reference of the Committees of the Board are regularly reviewed to ensure that governance arrangements continue to be fit for purpose.

1.4 The Trust works in close partnership with other Health and Social Care organisations in the area, but notably with the Brighton and Hove Clinical Commissioning Group. In addition the Trust attends the Brighton and Hove City Council, Health and Adult Social Care Overview and Scrutiny Committee.

1.5 Management contract with Western Sussex Hospitals NHS Foundation Trust

1.6 Brighton and Sussex University Hospital NHS Trust continues with the management contract arrangements with Western Sussex Hospitals NHS Foundation Trust. These arrangements commenced in April 2017 and have been extended from their initial end date of 31 March 2020 to 31 March 2021.

1.7 The original agreement identified 5 key priorities, three of these were delivered in the previous year to 31 March 2019, these being

- delivering the improvements necessary to enable Brighton and Sussex University Hospital NHS Trust to exit Financial Special Measures;
- delivering the improvements necessary to enable Brighton and Sussex University Hospital NHS Trust to exit Quality Special Measures; and

- addressing the underlying issues at Brighton and Sussex University Hospital NHS Trust relating to leadership and culture which were inhibiting the delivery of improvements to services;

1.8 The remaining two priorities related to

- effective implementation of a three year plan to improve accident and emergency performance; and

- effective oversight of the 3Ts Programme (The Royal Sussex County Hospital is undergoing a £485 million programme to replace all the buildings on the front of the main hospital site. The programme is referred to as '3Ts' as it reflects Brighton and Sussex University Hospital NHS Trust role in teaching, trauma and tertiary care.

1.9 The Trust is delivering its improvement plan in respect of A&E performance the delivery of sustained emergency performance is linked to the opening of 3Ts capacity. 3Ts oversight is delivered through a Committee of the Board which has seen the formulation of a robust recovery plan to manage the reported project delay. The delivery of this plan forms an active agenda item for this Committee. Additional 3Ts assurance is provided through the National 3Ts Programme Board with membership from NHS Improvement, NHS England, the Lead CCG, and the Department of Health.

2. The purpose of the system of internal control

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

3. Capacity to handle risk

3.1Trust Board

3.2 The Trust has a Risk Management Strategy and Policy, endorsed by the Board of Directors. The Board of Directors recognise that risk management is an integral

part of good management practice and to be most effective should be embedded in the Trust's culture. This recognition is embodied within the Strategy and Policy as this documents the Board's risk appetite and the processes applied across the Trust which see the oversight of the Trust's key risks assigned to a Board Committee with each key risk have an named executive lead. The Board is committed to ensuring that risk management is embedded as part of the Trust's philosophy, practice and planning and is not viewed or practiced as a separate programme and that responsibility for implementation is accepted at all levels of the organisation.

3.3 The Board recognised the challenges facing the Trust as it manages the Covid-19 challenges and proactively decided to adjust its Board and Committee Governance processes to ensure there were focused updates on Covid-19 at each Board meeting, maintain through an increased frequency of Quality Assurance Committee meetings the Board's review of quality in line with the Board's risk appetite and to embrace the use of technology to deliver these meetings. Supporting the Board meetings there is a regular information flow to all Board members including the Non Executives to ensure they are aware of any issues and actions taken to address these. This information flow is provided from the bronze, silver and gold command structure established to oversee the development and delivery of the Trust Covid-19 incident plan.

3.4 *Board Committees*

3.5 The Audit Committee has overall responsibility for ensuring effective risk management across the Trust. The Audit Committee receive information annually from the Trust's internal auditors and from its own review of the Trust's Board Assurance Framework and through this work supports the Board to be assured over the robustness of the Trust's application of sound risk management processes. To enable the Audit Committee to fulfil its role one Non Executive Member sits on each of the other Board Committees providing a clear link to and from the Audit Committee's oversight of the Board Assurance Framework and the work undertaken in each Committee in respect of the key risks they have assigned oversight for.

3.6 The other key Board Committees of Finance & Performance and Quality Assurance regularly receive and consider the strength of assurance reflected within the Board Assurance Framework and the actions being taken to manage risks that are outside the Board's stated risk appetite.

3.7 *Non-Executive Directors*

3.8 All Committees are chaired by a nominated Non-Executive Director. The Audit Committee who play a pivotal role in providing assurance over the risk management processes of the Trust has a membership of only Non-Executive Directors. Through the Non-Executive chairs and the Audit Committee membership they all have a responsibility to challenge robustly the effective management of risk and to seek reasonable assurance of adequate control.

3.9 The Audit Committee undertook a specific overview of the Board Assurance Framework People Risks as they recognised that each of the two Board Committees look at components of these risks and therefore their overview complemented the regular Committee reviews. The Audit Committee concluded that the processes being applied to oversee the management of the 3 stated key people risks were adequate and supported the assessed score of those risks.

3.10 *Chief Nurse*

3.11 The Chief Nurse is accountable for the strategic development and implementation of organisational risk management and ensuring there is a robust system in place for monitoring compliance with standards and the Care Quality Commission (CQC) Registration legal requirements.

3.12 The Chief Nurse is also responsible for managing patient and non-patient safety, complaints, patient information and medical legal matters.

3.13 Chief Financial Officer

3.14 The Chief Financial Officer oversees the adoption and operation of the Trust's Standing Financial Instructions including the rules relating to budgetary control, procurement, banking, losses and controls over income and expenditure transactions, and is the lead for counter fraud.

3.15 The Chief Financial Officer and the Trust's Finance Director attend the Trust's Audit Committee, both liaise with internal audit, external audit and counter fraud services, who undertake programmes of audit with a risk based approach.

3.16 Risk Management Training and Learning

3.17 Risk management training forms part of the essential training package that all staff are required to complete. All new members of staff attend a mandatory induction covering key elements of risk management, supplemented by local induction. The organisation provides mandatory and statutory training that all staff must attend.

3.18 The Trust has established a culture of learning, through the work on the implementation of national clinical standards, the delivery of improvements flowing from local and national clinical audits and the focus on learning from all untoward incidents. The reporting of this work flows to the Board through the work of the Quality Assurance Committee and from reports directly to the Board. This allows the Board to see the positive impact that the improvements from this learning has on the Trust's risk profile.

4 The risk and control framework

4.1 The Board of Directors has established a robust corporate governance framework in which is detailed within the Annual Report section 'How the Trust is run'. The corporate governance structure is designed to ensure appropriate oversight and scrutiny and to ensure good corporate governance practice is followed.

4.2 In support of the Trust's corporate governance processes the Trust has continued to apply its clinical divisional governance processes. Each Clinical Division is led by a triumvirate of a Divisional Director of Operations, a Chief of Service and a Head of Nursing. Each division reports through the Quality Governance Steering Group to the Board's Quality Assurance Committee. The Trust's Internal Auditors reviewed these revised processes in the last quarter of 2018/19 and provided positive assurance over the effectiveness of these processes, with a follow up review in 2019/20 confirming they operated as expected.

4.3 The Trust has a Risk Strategy and Policy that was updated in 2019, with this review confirming the stated Trust's risk appetite and the Trust's processes for identifying, reporting and managing risk.

4.4 Risk management training forms part of the essential training package that all staff are required to complete. All new members of staff attend a mandatory induction event which covers key elements of risk management. The Trust provides statutory and mandatory training that all staff must attend.

4.5 Risks are raised and captured to a central risk management database known as Datix.

4.6 All staff are responsible for responding to incidents, hazards, complaints and near misses in accordance with appropriate Trust policies. Local management teams oversee local risk registers and the management and escalation, as appropriate, of risks.

4.7 The Trust has an established Board Assurance Framework (BAF), through which the Board is provided with a mechanism for satisfying itself that its responsibilities are being discharged effectively; and informs the Board where the delivery of principal objectives are at risk due to a gap in control and/or assurance.

4.8 The BAF remains aligned to the Trust's True North and Breakthrough Objectives, the operation of the BAF has been subject to review by Internal Audit who reported positively over its effectiveness to the Audit Committee during the year.

4.9 The BAF records that the Trust has been managing 13 significant risks, and at the year end the Trust remains with five key risks, these relate to:

- Being unable to align or invest in our workforce, finance, estate and IM&T infrastructure effectively to support operational resilience, deliver our strategic and operational plans and improve care for patients;
- Being unable to deliver ongoing efficiencies and flex our resources in an agile way resulting in an increasing or unmanaged deficit and inefficient, unaffordable and unsustainable services;
- Being unable to define and deliver the strategic intentions, plans and optimal configuration that will enable our services to be sustainable, leading to an adverse impact on their future viability;
- Being unable to deliver and demonstrate compliance with regulatory requirements or clinical standards adversely impacting on patient safety and our registration and accreditation by regulatory and supervisory bodies; and
- That the Trust's business continuity plans fail to deliver as intended.

4.10 For each of these risks there is a detailed series of actions which will continue through 2020/21. The delivery of these actions and the impact on these risks is monitored through the appropriate oversight Committee of the Board. During the year in respect of the compliance with regard to the key constitutional targets the Trust took action and has maintained its waiting list size as commissioned by the CCG and NHSE, albeit this level of activity was not sufficient to achieve the Referral to Treatment (RTT) standard. In respect of the Diagnostic and 62 day Cancer standards the Trust took action to achieve these two standards by the end of the year in line with its agreed performance plan. The Trust supported the NHS with its measures to deal with Covid-19 which impacted on the Trust's ability to deliver the wider constitutional standards.

4.11 The Trust had taken action during the year which in the latter quarter of the year would have seen the BAF financially related risks reduce had it not have been for the measures taken by the Trust to deal with Covid-19. The impact of these has not only been the exceptional extra costs and reduced in income through reduced activity and commercial activity but a redirection of operational management capacity away from "business as usual" activities that formed part of the Trust's financial delivery plan.

4.12 During the year the Trust identified an emerging risk in relation to the outcome of a HEE review over the Trust's support to its general surgical trainees. This risk had the potential to impact on the BAF risk relating to being unable to deliver and demonstrate compliance with regulatory requirements or clinical standards adversely impacting on patient safety and our registration and accreditation by regulatory and supervisory bodies. Action was taken and tracked by the Quality Assurance Committee which assured the Board that this risk did not need to be increased during the year.

4.13 During the year the Trust identified a risk in relation to a potential delay to the completion of the first Stage of the 3Ts capital programme. The risk was reflected

through the BAF risk relating to the delivery of our strategic intentions. The Trust is continuing to work with the Contractor and NHSI/E to review and monitor this through the 3Ts Committee, including regular oversight and reporting from internal and independent advisors.

4.14 In the last months of 2019/20 the Trust has responded positively to the national requirements placed on it with regards to countering Covid-19. The Trust has been supported through the application of its developed flu pandemic policy and its business continuity plans and polices. The Trust's Executive have established command structures to monitor and manage this incident which includes a robust process for the capturing of issues and risks and the follow through on actions to mitigate these. These processes have placed the Trust in a strong position to adapt its control environment to respond to the changing nature of the County's and National Health Service response to Covid-19.

4.15 However the work Trust has undertaken to support the NHS and the Country with their measures to deal with Covid-19 has impacted on the Trust's ability to reduce further its key risks.

Processes for Managing Cyber Security Risk

4.16 We continue to develop our relationship with NHS Digital and CareCERT, ensuring that all of our end-points are enrolled into Microsoft's Advanced Threat Protection (ATP). ATP is a security platform for intelligent protection, detection, investigation and response. The Trust also acts on every national CareCERT advisory report that we receive to ensure we learn and adapt to any national risk assessments.

4.17 The operational teams are working to remove outdated operating systems from the environment. We have a further years support from NHS Digital on our Windows estate and we continue with our migration to Windows 10. A working plan to update our server estate is also in progress working with our application managers and 3rd party support companies.

4.18 We migrated the Trust in February 2019 to the national email platform (NHS Mail). This has provided the trust will full email encryption to any other NHS mail users and was a precursor for us to successfully remove physical fax machines from the trust.

4.19 We have partnerships working with 3rd parties to improve the Trusts security posture. This includes table top exercises, phishing campaigns and education for our staff on cyber risk, but this work also includes a more detailed technical look with a view to obtaining Cyber Security Essentials Plus certification.

4.20 This year we have also increased the security of our User Accounts, by investing in Imprivata Single Sign On system. All clinical user access with be more secure with 2 factor authentication and better auditing capabilities. Internal Audit undertook a review of the Trust's processes within this area and supported the Trust with a number of recommendations for improvement with these actions reported and tracked at the Audit Committee.

Processes for assuring the Board that staffing processes are safe, sustainable and effective

4.21 There are a number of ways in which the Trust ensures that short, medium and long term workforce strategies and staffing systems are in place which assures the board that staffing processes are safe, sustainable and effective. Informed by our clinical strategy and aligned to operational and financial planning, workforce demand and supply plans are developed at specialty and divisional level and include recruitment, retention and workforce transformation and efficiency plans.

4.22 National Quality Board standards, NICE guidance, recommendations from Royal Colleges and the output of national taskforces on workforce are used to inform the optimum staffing levels required to deliver high quality and safe services in an acute hospital environment. Changes to staffing profiles (numbers and skills) are subject to a Quality Impact Assessment at divisional level and reviewed by the Chief Medical Officer and Chief Nurse prior to implementation.

4.23 Through regular reporting to the Board, workforce and safer staffing reports are provided and these are triangulated against quality metrics to ensure our staffing processes are safe, sustainable and effective.

4.24 There are robust governance structures in place that oversee the efficiency and effectiveness of our staffing systems that ultimately report into the Quality Assurance and the Finance and Performance Committees of the board.

4.25 The Trust uses electronic systems to capture and collate staffing numbers and skill mix for nursing staff and this is currently being rolled out to medical staff. The Safer Staffing Board report will remain six monthly and extend to all other clinical professions.

Processes for managing regulatory risk

4.26 The Trust's latest CQC inspection report issued in January 2019, confirms that the Trust is fully compliant with the registration requirements of the Care Quality Commission. The Trust has an action plan to deal with the improvements suggested by the CQC and has specifically committed through a detailed action plan shared externally with the CQC and NHS Improvement to address the two areas where the CQC have identified regularity improvements are required.

4.27 The Trust through its continued deploy its Patient First programme which ensures that there is a continued focus on improvement focusing on improving quality, the patient experience and ensuring the trust is sustainable, which are key to the delivery of the Trust's True North and Breakthrough Objectives.

4.28 During the period of this report the Trust regrettably had one Never Event. Never Events and Serious Incidents are subject to a thorough internal review to identify Root Causes and learning. All Serious Incidents including Never Events were reported as required to the Clinical Commissioning Group, NHS Improvement and to NHS England. A full investigation is undertaken and the outcome and recommendations reported to the Trust Board for each of these incidents.

4.29 The Trust has maintained and published on its website an up-to-date register of interests including gifts and hospitality, for decision-making staff within the past twelve months, as required by the '*Managing Conflicts of Interest in the NHS*' guidance. This register is available on the Trust's website and records the details of the Trust senior decision makers, including Board members and Trust Directors.

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

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

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

4.33 The Trust has undertaken a six-facet building condition survey with the delivery of the agreed actions reported to the Board, including those relating to improved fire safety across the Trust.

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

5.1 The Board receives a monthly report from the Chief Financial Officer on financial performance. Financial performance is highlighted and reviewed at the Trust Executive Committee to ensure that all senior leaders have visibility on the Trust's financial position and the actions required. Financial performance is scrutinised in detail at the Finance and Performance Committee.

5.2 The Trust has maintained a robust structure for the identification and delivery of efficiency programmes. This is supported by a Programme Management Office and oversight provided by an Executive led efficiency and workforce steering group. Reports are also provided monthly to the Finance and Investment Committee. The Trust delivered 98% of the efficiency requirement despite resources being diverted to respond to Covid-19.

5.3 The Trust has developed a Medium Term Financial Plan for the next five years which will see it deliver a sustainable financial position within this period. The Trust's plan was formally accepted by NHSEI in August 2019.

5.4 NHS Improvement undertook a Use of Resources assessment as part of its last CQC inspection and the Trust has incorporated feedback into future plans.

6. Information governance

6.1 In line with standing guidance from NHS Digital on the reporting and classification of Data Protection and Security Incidents, the Trust unfortunately had to report one incident to the Information Commissioner's Office (ICO), as a result of patient information being shared with a family member contrary to their instruction. The ICO concluded that no action was required of the Trust over and above the actions the Trust took itself to improve its systems and processes as a result of its own investigation.

6.2 Each year the Trust completes and submits the Data Security and Protection Toolkit (DSPT) to demonstrate its compliance against the National Data Guardian's National Data Security Standards. The actual submission deadline is the subject of debate but the Trust will be ready to make its submission as the deadline has now been extended beyond 31 March 2020. Positively, to reinforce the message that the Trust is intending to submit a compliant DSPT, its internal auditors gave a Substantial Assurance finding, following the audit in February 2020. This substantiates detailed work undertaken by the Trust's Information Governance Team, whereby it assures itself, the Information Governance Steering Group and The Trust that effective Information Governance and Data Protection processes are in place. This includes an annual self-assessment audit programme covering the General Data Protection Regulation 2016 / Data Protection Act 2018, its own peer review of the DSPT, and spot checks of clinical areas across all Trust sites.

7. Annual Quality Account

7.1 The requirement under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year has been suspended this year due to the NHS focus on Covid-

19. However, the Trust has continued to prepare its annual quality report on a similar basis to last year.

7.2 In developing the Quality Account for 2019/20 quality improvement priorities for 2019/20 were identified following discussion within the Trust and with Commissioners. The detail of the Trust's performance against these quality priorities is considered by the Quality Assurance Committee prior to their reporting to the Board. This process allows for the Board to be assured over the accuracy of the Trust's Quality Report prior to its approval.

7.3 To assure the Board that the Quality Accounts present a balanced view and that there are appropriate controls in place to ensure the accuracy of data, the Board has:

- Appointed the Chief Nurse supported by the Trust Medical Director to lead and advise us on all matters relating to the preparation of the Trust's annual Quality Accounts.
- Established a Quality Steering Group to provide focus on continuously improving clinical practice.
- Put in place a system to receive and act upon feedback on the information contained in the Accounts from local stakeholders.

7.4 All service improvements are subject to robust Quality Improvement Assessments, the outcome of the initial assessment and subsequent re-assessments as the projects progress are reported to the Quality Assurance Committee who provide oversight of actions being taken in respect to any significant changes to the quality risk profile of that service improvement.

7.5 Service changes and Trust polices all include an Equality Impact Assessment which identifies any risk of individuals or groups being disadvantaged by that change or policy together with actions being taken to mitigate that risk. Such risks are captured within the Trust's risk management processes and mitigating actions are closely monitored via the Trust's divisional governance processes with any significant risks escalated to the Trust Executive Committee.

7.6 The Trust has a comprehensive process for ensuring data quality over its reported performance. There is an established daily validation process undertaken by clinical leads for patients who exceed four hours in department, and approved by the COO or delegated lead each respective day.

7.7 For RTT, there is a comprehensive validation process undertaken, underpinned by the patient access policy and RTT Rules Suite, whereby month end over 18 week waiters are reviewed and updated to the point at which reporting is finalised (approximately 18th of subsequent month). This is signed off by DDO lead for RTT. This is supported by weekly meetings where trends and anomalies are tracked and rectified.

7.8 For cancer performance, patient level information is reviewed daily as part of MDT meetings and tracking processes, captured in detail on the National Somerset system, with a range of daily updated performance and operational tracking reports to support patient pathway management.

7.9 The data quality team proactively undertake data cleansing activities on the Patient Administration System daily, acting on a suite of automated reports and results from the trace files sent to the national Personal Demographic Serves (PDS). The data quality reports are shared with the Information Governance Group.

7.10 The Trust also undertakes a Strategy Deployment Review at a divisional level which allows board level scrutiny of performance trends which provides another layer of assurance in terms of performance (and it's associated data quality). The process adopts a review of key performance metrics, whereby a drop in performance trend elicits a structured stratification of reasons for performance slippage, and mitigation and recovery actions to recover performance. This is an opportunity to cover data quality concerns alongside key operational constraints, or demand pressures. This is part of the Trust True North/Patient First governance arrangements all of which prioritise patient care, and allow the core operational priorities to be aligned and understood from board to floor. The Trust PFIS programme reviews data on a granular level to establish baselines, and monitor improvement, the scrutiny of which contributes to maintained high quality data.

7.11 The Trust is developing a data kite marking process after its successful introduction at Western Sussex Hospitals NHS Foundation Trust which has enabled us to learn from their deployment. The kite marking adds a visible guide as to the currency, completeness and strength of the internal check processes over the Trust's key performance metrics.

8. Review of effectiveness

8.1 As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS trust who have responsibility for the development and maintenance of the internal control framework.

8.2 *Head of Internal Audit Opinion*

8.3 Internal Audit provide an independent and objective opinion on the degree to which risk management, control and governance support the achievement of the Trust's objectives.

8.4 Based on work undertaken during 2019/20 the Head of Internal Audit has stated in their Head of Internal Audit Opinion that they “are able to provide moderate assurance that there is a sound system of internal control, designed to meet the Trust’s objectives and that controls are being applied consistently”

8.5 In forming their opinion they took into account that, the Trust had delivered its control total, that the majority of audits provided moderate assurance including the key audits of key financial systems, divisional governance and data quality. Internal Audit provided only one limited assurance opinion in the year. For this area specifically, as well as in respect of all recommendations made, actions to address their findings were confirmed by Internal Audit to be underway.

8.6 Internal Audit also reflected that the Trust has a good record in implementing internal audit recommendations. Internal Audit have confirmed that for the remaining recommendations action was in progress and these did not pose any unaddressed significant risk.

8.7 *External Audit*

8.8 External Audit report to the Trust on the findings from their audit work, in particular their review of the financial statements and the Trust’s economy, efficiency and effectiveness in its use of resources. For 2019/20 an unqualified audit opinion has been issued in respect of the financial statements and in respect of the use of resources opinion the auditors has an issued an opinion referencing the Trust was in deficit but their opinion referenced that the Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

8.9 *Counter-fraud*

8.10 The Trust is required under Service Condition 24 of the Standard NHS Commissioning Contract to ensure appropriate counter fraud measures are in place.

8.11 The Local Counter Fraud Specialist (LCFS) adopts a risk-based approach to counter fraud work, identifying areas of potential vulnerability and adhering to national quality standards set by the NHS Counter Fraud Authority. Relevant local proactive exercises (LPEs) are consequently built into the Trust’s annual counter fraud work plan, which is overseen by the Audit Committee. The LCFS helps to foster an anti-fraud culture within the Trust through delivery of an ongoing training programme across a wide range of staff groups. This features regular presentations on counter fraud and on compliance with the UK Bribery Act 2010. The LCFS attends each meeting of the Audit Committee to present a report on his work. The Trust has established separate coding processes for Covid-19 costs and their recovery has also been subject to review by NHS I. The LCFS will review the Trust’s

fraud risk assessment and response plan in 2020/21 to ensure counter fraud activity remains appropriately focused.

8.12 The LCFS has not identified any significant control weaknesses during their work. Where improvements have been identified then like Internal Audit they make recommendations and the delivery of these is tracked and reported to the Audit Committee.

8.13 *Care Quality Commission*

8.14 The Care Quality Commission undertook an inspection of the Trust during 2018/19 culminating in a report being published in January 2019. The outcome of this inspection saw the Trust rated a “good” overall with care across the Trust rated as “outstanding”. The CQC has undertaken a series of engagement visits to the Trust during 2019/20 and have not identified any issues that would change their 2019 opinion of the Trust.

8.15 *External Inspections*

8.16 During the year the Trust received a number of reviews from Health Education England assessing the quality of support given by the Trust to its junior doctors. Whilst these reviews were broadly positive there was one review relating to surgical trainees which required the Trust to accelerate its action plan to better support these trainees. The tracking of these actions has been reported both the Quality Assurance Committee and the Board by the Chief Medical Officer and Trust Medical Director.

8.17 The HSE undertook a review of the pathology laboratory at the Royal Sussex County Hospital. The HSE found a small number of areas for improvement and have asked that the Trust provide an action plan by the 10 July 2020. The development of the action plan has already commenced along with the delivery of those actions.

8.18 External reviews are tracked with their outcome and any associated improvement actions reported to the Quality Assurance Committee and the Trust Executive Committee. The focus on improvement delivery following inspections saw the Trust retain its JAG accreditation in 2019/20.

8.19 Board Committees

8.20 The Board and its Committees form an important aspect of control and I have been advised during my review by the work of both the Audit Committee, the Finance and Performance Committee and the Quality Assurance Committee.

8.21 *Finance and Performance Committee*

8.22 The Finance and Performance Committee which is chaired by a Non Executive Director provides me and the Board with a flow of assurance over the effectiveness of the established systems of internal financial control and the systems of internal control supporting operational performance delivery and reporting.

8.23 During the year the Committee has received regular reports on the Trust's financial positon, the management of its cash position and the delivery of the Trust's capital programme, along with the delivery of the Trust's efficiency programme and reports covering workforce, procurement and IM&T. The Committee also received regular reports on the delivery of the Trusts performance measures and has received a series of more in depth reports covering specific aspects of performance.

8.24 These reports have supported the Committee in its assurance flow to the Board that these key risks have been managed well during the year.

8.25 *Quality Assurance Committee*

8.26 The Quality Assurance Committee which is chaired by a Non Executive Director provides me and the Board with a flow of assurance over the effectiveness of the established systems of internal control in respect of management of key quality risks.

8.27 During the year the Committee has received regular reports on the Trust's quality performance and quality risks, learning from complaints and investigations into untoward incidents along with regular reporting on the outcomes from clinical audits. The Committee have supported the assurance flow to the Board that quality key risks have been managed during the year especially that there have been no significant patient safety matters arising within the areas where the Trust is poorly performing, these being against the 4 hour emergency access standard, the 18 weeks referral to treatment standard and the cancer pathway standards.

8.28 3Ts Committee

8.29 The Trust has a 3Ts Oversight and Assurance Committee, which is chaired by the Trust Chairman and provides me and the Board with a flow of assurance and detail of risks over the delivery of this significant project.

8.30 The Committee has received regular reports from the 3Ts Director and from the Trust's external advisors, and we shared in November 2019 that the contractor had informed us of a potential delay to completion which together with NHSI/E we have been working with them to review and minimise. The reports from the 3Ts Director and the Trust's external advisors have supported the Committee with its reporting to the Board across the year.

8.31 *Board Assurance Framework*

8.32 During the year covered by this report a revised Board Assurance Framework reporting framework has been implemented which has seen the a structured flow of assurance reporting to the Board on the controls managing the Trust's key risks to the delivery of the Trust's identified True North and associated breakthrough objectives. This process plays a key role in articulating where gaps in control exist and the tracking of devised actions to mitigate these.

8.33 *Wider processes*

8.34 My review is also informed by, the Trust's processes for:

- monitoring the delivery of improvements flowing from the receipt of the outcome of the Annual Staff Survey
- monitoring the delivery of improvements from the learning identified from complaints and the investigation of serious incidents
- tracking the outcomes from the programme of work undertaken by internal and external auditors a well as Counter Fraud
- monitoring the delivery of improvement flowing from reviews undertaken by external bodies
- delivering improvements from the outcomes of external assurance visits including the national Getting It Right First Time reviews across many of the Trust's services.

8.35 These processes culminate in reporting to the Board through the revised Divisional and Executive governance processes on the state of the Trust's systems of internal control.

8.36 I have drawn on the information provided in this annual report along with that outlined above and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

9. Conclusion

9.1 I have considered the factors described in the NHS Improvement guidance on the 2019/20 annual governance statement in respect of significant issues.

9.2 During the period 1 April 2019 to 31 March 2020 and up to the time of signing the accounts I have identified challenged areas with respect to the consistent achievement of Trust priorities and specially the challenges in the latter months relating to Covid-19.

9.3 Although the Trust has delivered its Financial Plan for the last 3 years I recognise there remains significant work to continue to deliver a financially sustainable Trust and for the Trust to meet sustainably meet all of the constitutional targets. The Board recognises that these are linked to the successful delivery of the whole 3Ts programme over the coming years. These actions have been incorporated into the Trust's Medium Term Financial Plan.

9.4 Oversight of the Trust's management of these challenges continues at the Board and through its Committees with each being assured that the Trust has established and adapted these, as appropriate during the Covid-19 challenges, to ensure there remain adequate systems of internal control and where control improvements are identified that these are delivered in line with agreed action plans.

Signed

Dame Marianne Griffiths **Date: 19 June 2020**
Chief Executive

3 REMUNERATION AND STAFF REPORT

Annual statement on remuneration

It is the responsibility of the Appointment and Remuneration Committee of Non-Executive Directors to oversee the pay arrangements of Executive Directors, details of the Committee can be found within the 'How the Trust is Run' section of this report.

BSUH Trust is being operated under the terms of a management contract with Western Sussex Hospitals NHS Foundation Trust employment contracts of all Executive Directors are held by Western Sussex Hospitals NHS Foundation Trust.

Senior Managers remuneration policy

All Directors performance is subject to an annual appraisal, the outcome of which is reported to the Appointment and Remuneration Committee by the Chief Executive. This is prior to any decision being made on Executive remuneration.

For the Chief Executive Officer, their appraisal is undertaken by the Chair of the Trust with a report then submitted to the Committee.

The annual appraisal method is chosen as it is an effective way to assess performance against a range of performance targets and leadership responsibilities and includes feedback from Non-Executive Directors and peers as part of a 360-degree feedback process.

In coming to any decision on remuneration, the Committee takes account of the circumstances of the Trust, the size and complexity of the role, any changes in the Directors portfolio, the performance of the individual and any appropriate national guidance. Senior managers are remunerated based on these decisions.

In considering Senior Managers pay the Committee took note of national benchmark data provided by NHS Providers and the requirement to consider any pay above a threshold of £150,000 as per cabinet office guidance.

Future policy table

Please see in the following table details of the components of the remuneration package for senior managers. This is made up of:

Components of Senior Managers remuneration:
Base Salary
Performance related pay (where appropriate).

Base salaries are set in line with market information and are designed to ensure retention, or recruitment, of the calibre and experience required to deliver the aims of the Trust. Salaries are revised annually and uplifted only if:

- There is demonstrable evidence that an uplift is required to keep in line with the market

- A change in portfolio necessitates an uplift

The performance related pay scheme is based on the NHS Pay framework for Very Senior Managers. The Appointment and Remuneration Committee would, annually, consider whether the overall performance of the Trust warrants consideration of a performance related element being paid and if so the parameters of such an award.

Service contracts obligations and Policy on payment for loss of office

HM Treasury has issued specific guidance on severance payments within 'Managing Public Money' and special severance payments when staff leave requires Treasury approval.

All contracts are permanent with no fixed end date. There are no contractual provisions for payments on termination of contract.

Statement of consideration of employment conditions elsewhere

In considering any decision on remuneration the Committee takes note of both the organisational and national context.

Pay multiples (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. For Brighton and Sussex University NHS Trust this is the highest paid employee because Executive Directors are employees of Western Sussex Hospitals NHS Foundation Trust.

The banded remuneration of the highest paid director in the financial year 2019/20 was £300k - £305k (2018/19: £290k - £295k). This was 12 times (2018/19: 12) the median remuneration of the workforce, which was £25.5k (2018/19: £25.2k).

In 2019/20, no employees (2018/19: nil) received remuneration in excess of the highest-paid director. Remuneration ranged from £16k to £293k, excluding Directors (2018/19 £9k to £239k).

The banded salary referenced above includes the total remuneration paid for roles undertaken at Western Sussex Hospitals and Brighton and Sussex University Hospitals. Taking into account only that part of the Director remuneration that relates to Brighton and Sussex University Hospitals, the banded remuneration of the highest paid director is £150 -155k. This was 6 times the median remuneration of the workforce and in 2019/20, 96 employees received remuneration in excess of this.

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

Salary and Pension entitlements of senior managers (subject to audit)

The Trust entered into a management contract with Western Sussex Hospitals NHS Foundation Trust from 1 April 2017. The Executive Team and Chairman of Western Sussex Hospitals NHS Foundation Trust are also the Executive Team and Chairman of the Trust. The disclosure below shows the full salary and the proportion of salary attributable to the Trust in table 1 and table 2.

Expenses incurred by Non-Executive Directors have not been apportioned between the two organisations.

Trust Executive and Non-Executive Directors 2019/20 – Table 1

	Salary Bands of £5,000 a	Total expenses Nearest £100 b	Bonus Bands of £5,000 c	L/term bonus Bands of £5,000 d	Pension Benefit* Bands of £2,500 e	Total Bands of £5,000 f	Brighton and Sussex University Hospitals Remuneration Bands of £5,000 g
Marianne Griffiths Chief Executive	265 - 270	76	20 - 25	-	17.5 - 20	**320 - 325**	150 - 155
George Findlay Chief Medical Officer	190 - 195	272	-	45 - 50	2.5 - 5	**270 - 275**	130 - 135
Karen Geoghegan Chief Financial Officer	190 - 195	7	5 - 10	-	42.5 - 45	**245 - 250**	100 - 105
Denise Farmer Chief Workforce Officer	145 - 150	112	5 - 10	-	-	**160 - 165**	80 - 85
Peter Landstrom Chief Delivery and Strategy Officer	155 - 160	59	5 - 10	-	25 - 27.5	**195 - 200**	85 - 90
Nicola Ranger Chief Nurse (to 30th June 2019)	45 - 50	48	5 - 10	-	Not available	**60 - 65**	30 - 35
Maggie Davies Chief Nurse (from 1st May 2019)	120 - 125	28	-	-	Not available	**125 - 130**	0
Jayne Black Chief Operating Officer	155 - 160	1	5 - 10	-	185 - 187.5	**350 - 355**	160 - 165
Amanda Fadero Managing Director - WSHT (to September 2019)	80 - 85	28	-	-	Not available	**85 - 90**	0
Fiona Ashworth Chief Operating Officer - WSHT (from January 2020)	35 - 40	-	-	-	Not available	**35 - 40**	0
Alan McCarthy Chairman	70 - 75	23	-	-	-	**70 - 75**	10 - 15
Patrick Boyle Non-Executive Director	10 - 15	15	-	-	-	**10 - 15**	0
Joanna Crane Non-Executive Director	10 - 15	14	-	-	-	**10 - 15**	0
Jonathan Furmsten Non-Executive Director	10 - 15	4	-	-	-	**10 - 15**	0
Elizabeth Peers Non-Executive Director	10 - 15	13	-	-	-	**10 - 15**	0
Michael Rymer Non-Executive Director	10 - 15	19	-	-	-	**10 - 15**	0
Kirsten Baker (from July 2019) Non-Executive Director	5 - 10	-	-	-	-	**5 - 10**	0
Martin Sinclair (to June 2019) Non-Executive Director	0 - 5	-	-	-	-	**0 - 5**	0

Proportion of shared executive salary / cost attributable to the Trust 2019/20 – Table 2

	Salary Bands of £5,000	Total expenses Nearest £100	Bonus Bands of £5,000	L/term bonus Bands of £5,000	Total Bands of £5,000
Marianne Griffiths Chief Executive	130 - 135	38	10 - 15	-	150 - 155
George Findlay Chief Medical Officer	95 - 100	136	-	20 - 25	130 - 135
Karen Geoghegan Chief Financial Officer	95 - 100	4	0 - 5	-	100 - 105
Denise Farmer Chief Workforce Officer	70 - 75	56	0 - 5	-	80 - 85
Peter Landstrom Chief Delivery and Strategy Officer	75 - 80	29	0 - 5	-	85 - 90
Nicola Ranger Chief Nursing Officer	20 - 25	24	0 - 5	-	30 - 35
Jayne Black Chief Operating Officer	155 - 160	1	-	-	160 - 165
Alan McCarthy Chairman	10 - 15	5	-	-	10 - 15

Trust Executive and Non-Executive Directors 2018/19 – Table 3

	Salary Bands of £5,000 a	Total expenses Nearest £100 b	Bonus Bands of £5,000 c	L/term bonus Bands of £5,000 d	Pension Benefit* Bands of £2,500 e	Total Bands of £5,000 f
Marianne Griffiths Chief Executive	265 - 270	93	20 - 25	-	17.5 - 20	**320 - 325**
Peter Landstrom Chief Delivery and Strategy Officer	155 - 160	239	5 - 10	-	27.5 - 30	**215 - 220**
Karen Geoghegan Chief Financial Officer	190 - 195	5	5 - 10	-	45 - 47.5	**245 - 250**
George Findlay Chief Medical Officer	185 - 190	296	-	45 - 50	162.5 - 165	**430 - 435**
Nicola Ranger Chief Nursing Officer	175 - 180	126	5 - 10	-	37.5 - 40	**230 - 235**
Denise Farmer Chief Workforce Officer	165 - 170	140	5 - 10	-	-	**185 - 190**
Alan McCarthy (from 1st October 2018) Chairman	30 - 35	7	-	-		**35 - 40**
Patrick Boyle Non-Executive Director and Acting Chairman (1st June 2018 to 30th September 2018)	15 - 20	-	-	-		**15 - 20**
Joanna Crane Non-Executive Director	5 - 10	8	-	-		**5 - 10**
Jon Furmston Non-Executive Director	5 - 10	1	-	-		**5 - 10**
Elizabeth Peers Non-Executive Director	5 - 10	7	-	-		**5 - 10**
Michael Rymer Non-Executive Director	5 - 10	11	-	-		**5 - 10**
Kirstin Baker Non-Executive Director Adviser	5 - 10	-	-	-		**5 - 10**
Martin Sinclair Non-Executive Director Adviser	5 - 10	-	-	-		**5 - 10**
Michael Viggers (to 31st May 2018) Chairman	5 - 10	-	-	-		**5 - 10**
Professor Malcolm Reed Non-Executive Director	5 - 10	-	-	-		**5 - 10**

Proportion of shared executive salary attributable to the Trust 2018/19 - Table 4

	Salary Bands of £5,000	Total expenses Nearest £100	Bonus Bands of £5,000	L/term bonus Bands of £5,000	Total Bands of £5,000
Marianne Griffiths Chief Executive	130 - 135	47	10 - 15	-	**150 - 155**
Peter Landstrom Chief Delivery and Strategy Officer	125 - 130	189	5 - 10	-	**150 - 155**
Karen Geoghegan Chief Financial Officer	95 - 100	3	0 - 5	-	**100 - 105**
George Findlay Chief Medical Officer	90 - 95	148	-	20 - 25	**130 - 135**
Nicola Ranger Chief Nursing Officer	85 - 90	63	0 - 5	-	**95 - 100**
Denise Farmer Chief Workforce Officer	80 - 85	70	0 - 5	-	**90 - 95**
Alan McCarthy Chairman	10 - 15	2	-	-	**10 - 15**

Pension benefits include benefits accrued as a result of total pension in the pension scheme and not just service in a senior capacity to which disclosure applies. Pension benefits are not therefore able to be split between the Trust and Western Sussex Hospitals NHS Foundation Trust.

Pension Entitlements as at 31st March 2020

	Real increase in pension at age 60 (bands of £2,500)	Real increase in pension lump sum at aged 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2019 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2019 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2019 (nearest £1,000)	Cash Equivalent Transfer Value at 31 March 2018 (nearest £1,000)	Real increase in Cash Equivalent Transfer Value (nearest £1,000)	Employer's contribution to Stakeholder Pension
Marianne Griffiths Chief Executive	2.5 - 5	7.5 - 10	50 - 55	155 - 160	1,288	1,169	91	Nil
George Findlay Chief Medical Officer	0 - 2.5	-	65 - 70	135 - 140	1,249	1,183	38	Nil
Karen Geoghegan Chief Financial Officer	2.5 - 5	-	65 - 70	150 - 155	1,269	1,169	72	Nil
Denise Farmer Chief Workforce Officer	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Peter Landstrom Chief Delivery and Strategy Officer	2.5 - 5	-	30 - 35	60 - 65	479	437	31	Nil
Nicola Ranger Chief Nurse	Not available	Not available	50 - 55	155 - 160	1,155	Not available	Not available	Nil
Clare Williams Chief Nurse	Not available	Not available	5 - 10	-	74	Not available	Not available	Nil
Carolyn Morrice Chief Nurse	Not available	Not available	40 - 45	130 - 135	942	Not available	Not available	Nil
Jayne Black Chief Operating Officer	7.5 - 10	25 - 27.5	60 - 65	180 - 185	1,439	1,171	240	Nil

Pension Entitlements as at 31st March 2019

	Real increase in pension at age 60 (bands of £2,500)	Real increase in pension lump sum at aged 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2018 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2018 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2019 (nearest £1,000)	Cash Equivalent Transfer Value at 31 March 2018 (nearest £1,000)	Real increase in Cash Equivalent Transfer Value (nearest £1,000)	Employer's contribution to Stakeholder Pension
Marianne Griffiths Chief Executive	0 - 2.5	5 - 7.5	45 - 50	145 - 150	1,169	986	153	Nil
Peter Landstrom Chief Delivery and Strategy Officer	2.5 - 5	-	30 - 35	60 - 65	437	342	85	Nil
Karen Geoghegan Chief Financial Officer	2.5 - 5	-	60 - 65	140 - 145	1,107	913	167	Nil
George Findlay Chief Medical Officer	7.5 - 10	12.5 - 15	60 - 65	140 - 145	1,183	889	266	Nil
Nicola Ranger Chief Nursing Officer	2.5 - 5	-	55 - 60	130 - 135	1,073	897	149	Nil
Denise Farmer Chief Workforce Officer	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Nil

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

This value derived does not represent an amount that will be received by the individual. It is a calculation that is intended to provide an estimation of the benefit being a member of the pension scheme could provide.

The pension benefit table provides further information on the pension benefits accruing to the individual.

Staff Report

Staff Polices applied in respect of Equality, Diversity and Inclusion

Our Equality, Diversity and Inclusion Policy covers all staff including our Executive Board members and is equally applied to our Non Executive Board members. This policy is wide-ranging and aims to protect employees from discrimination and harassment while promoting equal opportunity and the value of diverse cultures and backgrounds within the workforce.

The Trust's Equality, Diversity and Human Rights Policy sets out the Trust's aims and goals. A copy of the policy can be found on the Trust website.

To achieve these aims the Trust is committed to:

- Promoting equality of opportunity for all;
- Promoting an inclusive environment in which all persons are treated with respect;
- Fulfilling all of its legal obligations under the equality legislation.

The Trust is committed to addressing longstanding issues of equality and inclusion shared across the wider NHS and public sector, and the particular challenges and opportunities at BSUH. This is managed through the Leadership, Culture & Workforce (LCW) programme, which was established in 2017/18 and has been led by the Trust's Chief Executive, Dame Marianne Griffiths.

The Trust Annual Workforce Race Equality Report 2019, can be found at https://www.bsuh.nhs.uk/wp-content/uploads/sites/5/2016/09/Equality-Report-2019.pdf and covers the period April 2018 to March 2019, and provides the most recent and comprehensive analysis of the Trust equality data. Data for April 2019 to March 2020 will be published later in 2020/21. The 2019/20 Annual Report provides some key data against four of the nine Protected Characteristics.

Sexual Orientation & Trans Status (Gender Identity)

BSUH has an active LGBTQ+ (Lesbian, Gay, Bi, Trans/Non-Binary, Queer/Questioning) Employee Network. BSUH has also continued to participate in the Stonewall Workplace Equality Index to provide an external benchmark on progress in inclusion for LGBTQ+ staff and patients/service users.

In 2019, which covered the period September 2017 to September 2018, BSUH was ranked 143rd of 445 employers (across all sectors).

In 2020, which covers the period September 2018 to September 2019:

- BSUH was ranked 101st of 503 employers (an improvement of 42 places)
- BSUH's absolute score increased by 42% (to 138 out of 200)
- BSUH's LGBTQ+ Network received Stonewall's Regional Network of the Year Award at the celebration event jointly hosted by BSUH and Stonewall at Princess Royal Hospital in February 2019.

The proportion of LGB+ staff (the national NHS Electronic Staff Record (ESR) does not currently monitor trans status) has increased significantly from 7.4% (of defined and disclosed, by WTE) in March 2018 to 8.5% in March 2020. This is almost three times the NHS Acute Trust average (based on data provided by NHS Digital).

NHS England has announced a Sexual Orientation Monitoring (SOM) Information Standard will be introduced in the future. The SOM will provide a consistent mechanism for monitoring and recording sexual orientation of all patients / service users aged 16 year. Further information about the proposed standard can be found on NHS England's website: https://www.england.nhs.uk/about/equality/equality-hub/sexual-orientation-monitoring-information-standard/

Disability

The proportion of Trust staff declaring (at least one) disability has risen from 6.8% (of defined and disclosed, by WTE) in March 2018 to 7.1% in March 2020. The proportion of staff for whom the Electronic Staff Record (ESR) holds no data on disability status (ie. data comprehensiveness) has fallen from 9.4% in April 2018 to 6.6% in April 2020. There has been a slight increase in the proportion of more

senior staff (ie. Agenda for Change Band 8a+) declaring a disability: from 7.5% (of defined and disclosed, WTE) in March 2019 to 7.6% in March 2020.

BSUH now has an active Disabled Staff Network. The Trust 'Due Regard' Assessment Policy has been updated during 2019/20 to strengthen guidance on assessing the potential impact of policies, service changes or other developments (including capital development schemes) on holders of protected characteristics, including people with disabilities.

BSUH has maintained its Level 2 Disability Confident Employer rating. Key features, which are reflected in Trust HR policies and operational processes, include the guarantee of an interview for applicants with a disability who meet the minimum ('essential') eligibility criteria for the role. Staff who become disabled during their employment are supported as necessary through Trust employment policies including the Equality, Diversity & Inclusion Policy; Health & Wellbeing Policy; and the Disability & Reasonable Adjustments Guidelines.

The Trust has an active programme of work to respond to the national Workforce Disability Equality Standard (WDES). In March 2020 the first national WDES Annual report was published. Further information about the standard can be found on NHS England's website: https://www.england.nhs.uk/about/equality/equality-hub/wdes

BSUH performance for 2019/20 against the 10 WDES metrics will be included in the Annual Equality Report 2019/20, to be published later in 2020/21. The BSUH WRES Report 2019 can be found here: https://www.bsuh.nhs.uk/about-us/equality-diversity-and-human-rights/edi/

The Trust has established an HR/Employment Policy Forum, with representation from the Disabled Staff Network, LGBTQ+ Staff Network, Staffside (Trades Union representatives), the Trust Inclusion Team (also representing the Workforce Race Equality Scheme programme) and HR to debate and redraft HR and wider employment policies, prior to recommendation for formal adoption by the Trust Executive Committee. Since the Forum was established in May 2018, it has reviewed and redrafted more than 34 policies, the significant majority of which have concluded their wider staff consultation (via an online Consultation Hub) and Trust approval.

Although improvements have been made during 2019/20, analysis of the 2019 NHS Staff Survey (covering the period September 2018 to September 2019) found that with the exception of an increase in the proportion of disabled staff reporting that the Trust made adjustments for them to be able to undertake their role, the experience of disabled staff is considerably poorer across all themes. Overall staff Engagement is 6.6 for disabled staff versus 6.9 for non-disabled staff.

Race

BSUH has an active programme of work to respond to the national Workforce Race Equality Standard (WRES). The Trust WRES data for 2019/20 will be published as part of the Annual Equality Report 2019/20 later in 2020/21.

Key data from BSUH ESR as at March 2020:

- The proportion of visibly BME (ie. non-White) staff has remained broadly level from 23.5% (of defined and disclosed, by WTE) in April 2018 to 25.3% in April 2020.
- The proportion of visibly BME staff at Band 8a+ (Agenda for Change) has increased from 7.0% as at March 2019 to 8.6% as at March 2020.

Our People

BSUH NHS Trust is the proud employer of almost 9,000 people. Each and every one of those people enables us to provide high quality care to the people of Brighton and Hove and East and West Sussex. Below is an analysis of our staff one a whole time equivalent basis rather than the number directly employed, the column other relates to staff who work for the Trust through our internal staff back.

Staff costs (subject to audit)

	Group			Trust		
	2019/20	2018/19 Restated		2019/20	2018/19 Restated	
	Total	Total	Total	Total	Total	Total
	£000	£000	£000	£000	£000	£000
Salaries and wages	318,736	302,304	281,982	318,157	301,814	281,492
Social security costs	32,424	31,101	31,101	32,424	31,056	31,056
Apprenticeship levy	1,554	1,499	1,499	1,554	1,499	1,499
Employer's contributions to NHS pensions	53,218	34,856	34,856	53,218	34,856	34,856
Pension cost - other	-	40	40	-	23	23
Temporary staff (including agency)	15,829	14,009	34,331	15,829	13,993	34,315
Total gross staff costs	**421,761**	**383,809**	**383,809**	**421,182**	**383,241**	**383,241**
Total staff costs	**421,761**	**383,809**	**383,809**	**421,182**	**383,241**	**383,241**
Of which						
Costs capitalised as part of assets	980	451	451	**980**	451	451
	420,781	**383,358**	**383,358**	**420,202**	**382,790**	**382,790**

Average number of employees (WTE basis) (Subject to audit)

Average number of employees (WTE basis)

	Group			
	Permanent Number	Other Number	2019/20 Total Number	2018/19 Total Number
Medical and dental	1,233	18	**1,251**	1,163
Ambulance staff	17	-	**17**	15
Administration and estates	2,061	120	**2,181**	2,122
Healthcare assistants and other support staff	415	14	**429**	328
Nursing, midwifery and health visiting staff	3,112	483	**3,595**	3,574
Scientific, therapeutic and technical staff	446	8	**454**	541
Healthcare science staff	287	4	**291**	300
Other	2	-	**2**	-
Total average numbers	**7,573**	**647**	**8,220**	**8,043**
Of which:				
Number of employees (WTE) engaged on capital projects	9	6	**15**	8

Number of senior managers by pay band

	WTE	Heads
AFC Band 8a	239	258
AFC Band 8b	81	110
AFC Band 8c	28	38
AFC Band 8d	17	19
AFC Band 9	11	13
VSM	13	14
Total	**389**	**452**

2.3.2 Gender and Gender Pay Gap Report

At the end of the March 2020, the makeup of the Trust by gender (non-binary identities are not currently monitored or analysed via Gender Pay Gap reporting) was:

Gender Split (Headcount) – Executive Directors, Non-Executive Directors

	Female	%	Male	%
Non-executive directors	3	50	3	50
Associate non-executive directors	1	100	-	0
Executive directors	5	71	2	29

Gender Split (WTE) – Senior Managers & All Staff

	Female %	Male %
Senior Manager Band 8a to 8d	67.0	33.0
Band 9 and VSM	38.5	61.5
All Other Staff	69.2	30.8
Total	69.0	31.0

The proportion of female Senior Managers at Band 8a-8d has increased slightly: from 64.8% as at 31st March 2019 to 67.0% as at 31st March 2020. The gender split across the workforce as a whole remains unchanged: from 68.5% female in March 2019 to 69.0% female in March 2020.

The Trust's information on the gender pay gap can be found on our website at https://www.bsuh.nhs.uk/documents/bsuh-gender-pay-gap-report-2019/bsuh-gender-pay-gap-report-2019-2/
Also further information on gender pay gap can be found on the cabinet office website - https://www.gov.uk/guidance/gender-pay-gap-reporting-overview

Sickness absence

The Trust's sickness absence data can be found on NHS Digital's publication series on NHS Sickness Absence Rates. This can be found using the link https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

Expenditure on Consultancy

The Trust spent £0.4m on external consultancy in 2019/20. This compares to £2m in 2018/19.

Off-payroll engagements

As an organisation subject to Her Majesty's Treasury (HMT) Guidance *'Managing Public Money'*, BSUH NHS Trust has a responsibility in safeguarding public interest.

In May 2012, HMT carried out a review on the tax arrangements of senior public sector appointees. The aim of the review was to ascertain the extent of arrangements which could allow public sector appointees to minimise their tax payments and make appropriate recommendations to address the problem.

The Trust operates a policy covering off payroll engagements. This policy provides guidance to ensure compliance with HMT's recommendations on tax arrangements for the following public-sector appointees:

- Board members
- Senior officials with significant financial responsibility
- Engagements of more than six months in duration, for more than a daily rate of £245

All existing off-payroll engagements have been subject to a risk-based assessment of whether evidence is required that the individual is paying the right amount of tax and, where necessary, assurance has been sought.

There was one off-payroll engagement for more than £245 per day which last for longer than six months, between 1 April 2019 and 31 March 2020.

There were no off-payroll engagements of board members and/or senior officials with significant financial responsibility between 1 April 2019 and 31 March 2020.

Exit Packages (subject to audit)

For the year ended 31 March 2020 there were the following exit packages.

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
	Number	Number	Number
Exit package cost band (including any special payment element)			
£10,000 - £25,000	2	-	**2**
£25,001 - 50,000	1	-	**1**
Total number of exit packages by type	**3**	**-**	**3**
Total cost (£)	£66,000	£0	**£66,000**

Reporting of compensation schemes - exit packages 2018/19

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
	Number	Number	Number
Exit package cost band (including any special payment element)			
£10,000 - £25,000	1	-	**1**
£50,001 - £100,000	1	-	**1**
Total number of exit packages by type	**2**	**-**	**2**
Total resource cost (£)	£67,000	£0	**£67,000**

Secondments

The Trust supported 2 staff with their career development through secondments to other organisations and by facilitating other organisations to second 4 staff to BSUH.

For the 2 staff seconded out of the Trust the Trust was reimbursed their salaries. There were no staff seconded for which the Trust received no reimbursement.

For the 4 staff seconded into BSUH the Trust reimbursed their employer for their salary. There were no staff seconded to the Trust for which we made no salary reimbursement.

Trade Union (Facility Time Publication Requirements) Regulations 2017

The Trade Union (Facility Time Publication Requirements) Regulations 2017, took effect from 1 April 2017. These regulations were laid following the enactment of the Trade Union (TU) Act 2016**.** The Trade Union Act was passed in May 2016; one of the elements of this Act is the requirement for employers in the public sector to publish information on facility time**.**

The purpose of these regulations is to promote transparency and allow for public scrutiny of facility time through the requirement of organisation's to collect and publish, on an annual basis, a range of data in relation to their usage and spend of TU facility time in respect of their employees who are TU representatives.

Facility Time is the provision of paid or unpaid time off from an employee's normal role to undertake TU duties and activities as a TU representative. There is a statutory entitlement to reasonable paid time off for undertaking union duties. There is no such entitlement to paid time off for undertaking activities.

The facility time (FT) data that organisations are required to collate and publish under the 2017 regulations are:

- Number of employees who were relevant union officials during the relevant period
- How many employees who were relevant union officials during the relevant period spent a)0%, b)1 – 50%, c) 51-99% or d)100% of their working hours on facility time
- Percentage of the total pay bill spent on facility time
- Time spent on paid trade union activities as a percentage of total paid facility time hours

The Trust is required to publish this information on its website by the 31July each year, our information will be uploaded within that timeframe. Below is the Trust's latest information.

TRADE UNION FACILITY TIME REPORTING

1 April 2019 – 31 March 2020

Table 1 – Relevant Union Officials

Number of employees who were relevant union officials during the relevant period **2019-20 (2018-19)**	**Full time equivalent employee number** **2019-20 (2018-19)**
58 (61)	52 (56.4)

Table 2 – Percentage of time spent on facility time

How many employees who were relevant union officials employed during the relevant period spent their working hours on facility time	
Percentage of time	**Number of employees** **2019-20 (2018-19)**
0%	0 (0)
1%-50%	58 (61)
51%-99%	0 (0)
100%	0 (0)

Table 3 – Percentage of pay bill spent on facility time

The percentage of total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period 2019-20 (2018-19)	
Total cost of facility time	£33,368.86) (£33,388.32)
Total pay bill	£383,241,000 (£360,688,000)
Percentage of the total pay bill spent on facility time	0.01% (0.01%)

Table 4 – Paid trade union activities

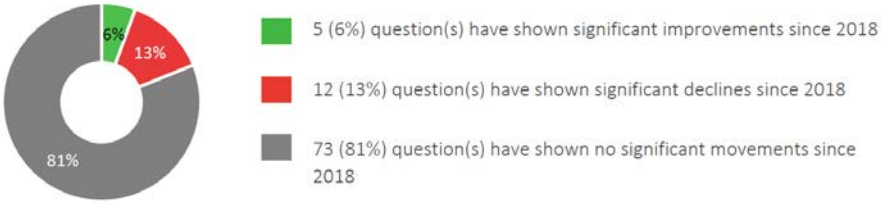
Time spent on paid trade union activities as a percentage of total paid facility time hours 2019-20 (2018-19)
19.5% (19.09%)

NHS STAFF SURVEY 2019

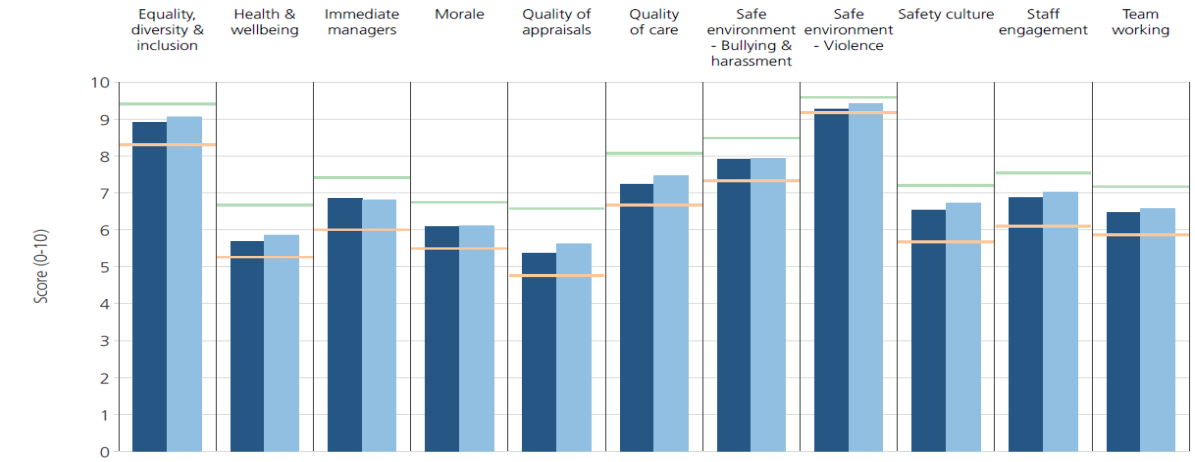
The national NHS Staff Survey is undertaken each year by all NHS Trusts within England and Wales to capture staff views on their workplace experiences. The overall BSUH response rate for 2019 was 61.5% (5,051 staff), an increase from 59.1% in 2018 and 56.3% in 2017. The National average response rate for Acute Trusts in England is 47.5%.

Having been one of the most improved NHS Acute Trusts in England in 2018, this has largely been maintained in 2019, with 81% of responses showing no significant movements.

Question Summary: Significant historical change



NHS Staff Survey 2019: Results by Theme



	Equality, diversity & inclusion	Health & wellbeing	Immediate managers	Morale	Quality of appraisals	Quality of care	Safe environment - Bullying & harassment	Safe environment - Violence	Safety culture	Staff engagement	Team working
Best	9.4	6.7	7.4	6.7	6.6	8.1	8.5	9.6	7.2	7.5	7.2
Your org	8.9	5.7	6.9	6.1	5.4	7.2	7.9	9.3	6.5	6.9	6.5
Average	9.0	5.9	6.8	6.1	5.6	7.5	7.9	9.4	6.7	7.0	6.6
Worst	8.3	5.3	6.0	5.5	4.8	6.7	7.3	9.2	5.7	6.1	5.9
Responses	4,962	4,985	5,000	4,926	4,141	4,544	4,952	4,948	4,971	5,017	4,940

In the NHS Staff Survey 2019, the proportion of BSUH staff reporting satisfied/very satisfied with opportunities for flexible working has increased from 49% in 2015 (slightly better than NHS average) to 56% in 2019 (vs NHS average 53%, and NHS best of 62%, so within the top 20% nationally).

The proportion of BSUH staff reporting that BSUH takes positive action on Health & Wellbeing has increased from 18.1% in 2016 (worst in NHS) to 26% in 2019, a notable significant increase compared to 2018 and just below the NHS average of 28%.

For the Health & Wellbeing Theme overall, BSUH saw the highest increase nationally from 2017 to 2018, and this has remained level in 2019. This score is below the national NHS average, which also remained unchanged from 2018.

The proportion of BSUH staff reporting the organisation acts fairly in career promotion (regardless of ethnic background, gender, sexual orientation etc.) increased significantly from 2016. It has plateaued in 2019 but is still better than the NHS average (85.3% BSUH vs 84.4% NHS average).

4 FINANCIAL STATEMENTS

The key highlights for the Trust's financial performance for the year were:

- Actual performance - against a challenging environment the Trust delivered a deficit for the year of £39.04m. After adjusting for the performance of the Pharm@Sea subsidiary, profit on disposals, the impact of impairments and the donated asset reserve, the adjusted reported deficit is £25.74m.

- Control total performance - The control total was set at a deficit of £53m and the Trust achieved a comparable deficit of £52.99m; in line with the plan.

- Provider Sustainability Funding (PSF) – having delivered the financial control total the Trust earned a total of £11.20m of PSF in 2019/20. £0.61m of this PSF was earned due to a bonus relating to the 2018/19 performance.

- Financial Recovery Funding (FRF) – having delivered the financial control total the Trust earned £14.81m of FRF.

- Marginal Rate Emergency Tariff Funding (MRET) – the Trust earned £1.85m of MRET.

- Efficiency Programme - underpinning both the control total achievement and in-year investment in services was the delivery of £26.59m of savings.

- Capital - expenditure on capital schemes of £101.19m, including £68.80m on the 3Ts building development, £8.47m on the ED emergency floor and backlog, £8.74m on estates, £7.46m on Information Technology and £7.72m on replacement equipment.

Summary of the Trust's 2019/20 financial performance (£m).

2019/20 Reported Performance *excluding the charity*	39.04
Add Back:	
PSF Funding	11.20
FRF Funding	14.81
MRET Funding	1.85
Performance Excluding PSF/FRF/MRET	66.90
Take Off: Profit on disposal, Pharm@Sea, Impairments and Donated Asset Movement	(13.91)
2019/20 Reported Deficit	52.99

Going Concern

The Directors of the Trust are required to make an assessment as to whether the Trust remains a going concern as at the balance sheet date. In performing that assessment the directors have considered the following:

The GAM requires the management of the Trust to consider the following public sector interpretation of IAS 1 in respect of applying the going concern assumption when preparing its financial statements, noting:

“For non-trading entities in the public sector, the anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision for that service in published documents, is normally sufficient evidence of going concern. DHSC group bodies must therefore prepare their accounts on a going concern basis unless informed by the relevant national body or DHSC sponsor of the intention for dissolution without transfer of services or function to another entity. A trading entity needs to consider whether it is appropriate to continue to prepare its financial statements on a going concern basis where it is being, or is likely to be, wound up.” (GAM Para 4.12.)."

The Trust has not been advised of intention for dissolution without the transfer of services or function to another entity and as such the accounts have been prepared on a going concern basis.

The directors have also taken into account the statement published by NHS England and NHS Improvement (NHSE&I) on 27th May 2020 (https://improvement.nhs.uk/documents/6615/Statement_to_support_forecasting.pdf). This states that “the financial statements of all NHS providers and CCGs will be prepared on a going concern basis unless there are exceptional circumstances where the entity is being or is likely to be wound up without the provision of its services transferring to another entity in the public sector.” It also states that “Providers can therefore continue to expect NHS funding to flow at similar levels to that previously provided where services are reasonably still expected to be commissioned.”

In further support, during 2019-20 there was significant focus on developing a medium term financial plan for the Trust; incorporating the period to the end of 2023-24. The Trust met with NHSE&I Executives at agreed intervals throughout 2019-20 to share, test and shape the plans. In addition, the plans have commissioner support and reflect STP priorities which support the Trust; including recognising BSUH as the tertiary centre. This plan was formally accepted by NHSE&I in August 2019; agreeing the financial improvement trajectories and support to 2023/24. This trajectory confirms cash flows to support the working capital requirements to the end of the agreed period.

The Trust’s draft financial and operational plan submitted to NHSE&I in March 2020 for financial year 2020/21 indicated that savings of at least £27.0m would be needed to achieve the financial target of breakeven for 2020/21; which is reliant on receiving Financial Recovery Funding from NHSE&I. However, since the draft plan submission, NHSE&I responded to the emergence of COVID-19 by fundamentally changing the financial regime for a period of at least 4 months until the end of July 2020. During this period NHS provider organisations will be funded on a block income, plus a top-up payment to ensure a breakeven revenue position. A commitment has been made to review the position for the remainder of financial year 2020/21 in taking account of the

Covid-19 pressures, winter 2020/21 and the degree of recovery that can be expected in elective activity and 'normal' non-elective demand. Providers can therefore continue to expect NHS funding to flow at similar levels to that previously provided where services are reasonably still expected to be commissioned.

The DHSC provided deficit funding of £41.6m as revenue support loans in year bringing the total borrowings including capital investment loans to £336.2m at 31 March 2020. 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 £293,435k 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.

2019/20 was the third year of the management contract with Western Sussex Hospitals NHS Foundation Trust (WSHT) and NHSI. The intention of the management agreement was to provide strong and stable leadership to the Trust for at least three years; following a period of instability and deterioration in all aspects of performance. The Trust has agreed an extension of the management contract arrangements for a period of up to one year, to 31st March 2021, in order to establish a formal, sustainable and scalable group structure with WSHT.

The underlying deficit and reliance on future additional support do indicate the existence of material uncertainty which casts significant doubt about the Trust's ability to continue as a going concern. However, taking into account all relevant guidance in performing the going concern assessment, the directors have a reasonable expectation that the Trust will have adequate resources to continue in operational existence for the foreseeable future. As such, they continue to adopt the going concern basis in preparing the accounts. The financial statements do not contain the adjustments that would result if the Group was unable to continue as a going concern.

Income and Expenditure

The Trust is reporting Group income of £656.2m in 2019/20 which is an increase from the £587.1m reported in 2018/19. The majority of the Trust's income is for patient care services and this income grew from £514.1m to £562.5m. The table below shows the sources of the Trust's income.

Group Income

	2019/20 £000	2018/19 £000
Income from patient care activities	562,508	514,141
Research and development	4,684	5,228
Education and training	31,406	30,728
Provider sustainability / sustainability and transformation fund (PSF / STF)	26,011	14,394
Other contract income	13,882	14,326
Non-patient care services to other bodies	5,990	1,618

Charitable fund incoming resources	1,616	1,044
Other income	10,074	5,660
Total Income	**656,171**	**587,139**

The table below shows the Trust's main operating expenses with largest element being Staff costs at £412.1m for 2019/20 which is an increase from £374.8m in 2018/19.

Group Operating Expenditure

	2019/20 £000	2018/19 £000
Staff and executive directors costs	412,067	374,820
Supplies and services - clinical (excluding drugs costs)	65,836	63,115
Drug costs	76,137	77,776
Clinical negligence	22,365	22,547
Depreciation on property, plant and equipment	18,517	18,953
Premises	18,420	16,435
Supplies and services - general	6,444	7,062
Education and training	7,507	6,788
Research and development	5,850	5,894
Other expenses including impairments	46,163	41,771
Total Operating expenditure	**679,306**	**635,161**

Efficiency

The Trust achieved efficiencies of £26.59m in 2019/20 against a target of £27.07m.

Better Payments Practice Code

The Better Payments Practice Code requires that the Trust pays all invoices within 30 days of the receipt of a valid invoice. The performance target is 95% and compliance with the target is shown below.

Measure of Compliance	2019/20	2019/20	2018/19	2018/19
	Number	£'000	Number	£'000
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	189,072	507,758	151,501	491,077
Total Non-NHS Trade Invoices Paid Within Target	113,273	341,970	100,508	348,773
Percentage of Non-NHS Trade Invoices Paid Within Target	59.9%	67.3%	66.3%	71.0%
NHS Payables				
Total NHS Trade Invoices Paid Within Target	3,338	38,006	2,839	45,980
Total NHS Trade Invoices Paid Within Target	1,496	25,815	1,514	31,911
Percentage of NHS Trade Invoices Paid Within Target	44.8%	67.9%	53.3%	69.4%

Revaluations and impairments

Revaluations and impairments led to a reduction in asset values of £10.6m in the revaluation reserve and an impairment of £15.9m recognised in the statement of comprehensive income.

Capital expenditure

Additions to fixed assets in 2019/20 were £101.1m.

Commissioning arrangements

Key points to note:

- The Trust has 9 main commissioner contracts agreed for 2019/20
- The contract and commissioning agreements are mandated national contracts which include; performance standards, activity levels and contract values.
- Agreed contract values are based on estimates of anticipated activity, adjusted for growth and agreed developments.
- The contract values are underpinned by the application of national tariff and/or local prices.

Brighton and Hove City CCG continues to be the coordinating commissioner on behalf of the other 8 Sussex and Surrey CCGs. The £306m CCG contract is an Aligned Incentive Contract (AIC) reflecting a minimum income guarantee, an agreed work programme and an associated governance structure.

The NHSE Contract for commissioned Specialised Services, Secondary Dental and Public Health Screening services is a contract based on the principles of payment by results (PbR). The combined contract value of £180m is underpinned by an agreed work plan and shared strategic goals.

The Trust has 2 commissioned agreements with both Sussex Musculo-Skeletal (MSK) partnerships (central & East) based on PbR and national terms and conditions. They have a combined value of c£24m. The MSK partnerships are directly commissioned by CCGs as provider for Elective MSK services and subcontract secondary care services from BSUH.

The Local Authority commissions Sexual Health Services form the Trust via a fixed value contract.

Table 1. Contract Summary

Main Contract	Body	Contract Type	2019/20 Plan Value
1. General Acute Services	Sussex Clinical Commissioning Groups (CCG)	Aligned Incentive Contract	£306m
2. Specialised Services	NHS England	Payment by Results	£169.7m
3. Secondary Dental	NHS England	Payment by Results	£3.0m
4. Public Health Screening	NHS England	Programme	£7.9m

		Budget	
5. Hepatitis C Treatment	NHS England	Payment by Results	£3m
6. Sexual Health Services	Brighton Local Authority / NCA	Programme Budget	c£2.9m
7. Elective MSK Services	Sussex MSK Partnership – Central	Payment by Results	c£20m
8. Elective MSK Services	Sussex MSK Partnership – East	Payment by Results	c£3.9m
9. Integrated Community Dermatology	Brighton and Hove CCG	Programme Budget	£2m

Capital plans and cash position

The initial capital plan for 2020/21 is £100.5m which includes £75.2m for the 3Ts project, £5.1m for the Emergency Backlog Maintenance projects and £20.2m for a range of estates, IT and medical equipment projects. The cash plan that backs these projects is supported by both loan and public dividend capital funding from the Department of Health and Social Care (DHSC). The planned deficit is being supported by FRF receipts from the DHSC that ensures that the Trust has adequate working capital.

Financial outlook

The Trust has submitted draft operational and financial plans for 2020/21. The control total, issued by NHS Improvement, is a planned deficit of £47.507m; excluding any non-recurrent allocations from the Financial Recovery Fund (FRF). Including non-recurrent allocations, the control total is breakeven.

The Trust is currently working to an interim financial framework which assumes it will breakeven month on month for the period April to July 2020. The purpose of the financial framework is to remove routine burdens and allow NHS organisations to devote maximum operational effort to Covid readiness and response. This has been achieved through simplifying contracting for the duration of the crisis and ensuring that sufficient funding is available to respond.

The arrangements are as follows:

- The Trust is receiving a fixed monthly payment from commissioners that it had significant contractual relationships with in 2019/20.
- The Trust is also receiving a top-up payment to cover the difference between the costs incurred by the Trust and the income received from the fixed monthly payments from commissioners.
- The Trust is able to claim for additional income to cover costs that have been solely incurred due to Covid-19.

Discussions are ongoing at a national level with regard the financial framework from August 2020.

Summary

From a financial perspective 2019/20 was a positive year. The Trust was able to maintain the progress made over the previous two years and embed the process of continuous improvement. Further, the Trust delivered all the agreed financial priorities

including; delivering the control total and securing support for the Trust's proposals for financial sustainability. The year ended in a way that none of us quite expected but the Trust was able to respond in a way that ensured patient care and staff safety were prioritised and supported by robust financial governance arrangements The key financial priorities for next year are to:

- deliver a breakeven position as supported by the new financial framework;
- ensure that we facilitate the Trust's response to the Covid-19 pandemic; and
- maintain robust and effective financial governance arrangements that support timely decision making in our response to Covid-19.

Audit Certificate and Report 2019/20

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF BRIGHTON & SUSSEX UNIVERSITY HOSPITALS NHS TRUST

Opinion

We have audited the financial statements of Brighton and Sussex University Hospitals NHS Trust for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The financial statements comprise the Trust and Group's Statement of Comprehensive Income, the Trust and Group Statement of Financial Position, the Trust and Group Statement of Changes in Taxpayers' Equity, the Trust and Group Statement of Cash Flows and the related notes 1 to 51 [x]. 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 2019/20 HM Treasury's Financial Reporting Manual (the 2019/20 FReM) as contained in the Department of Health and Social Care Group Accounting Manual 2019/20 and the Accounts Direction issued by the Secretary of State with the approval of HM Treasury as relevant to the National Health Service in England (the Accounts Direction).

In our opinion the financial statements:

- give a true and fair view of the financial position of Brighton and Sussex University Hospitals NHS Trust as at 31 March 2020 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the National Health Service Act 2006 and the Accounts Directions issued thereunder.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

The Trust has an underlying deficit and, is reliant on additional support funding from NHS Improvement and NHS England in the form of Financial Recovery Funding. The absence of published financial planning arrangements after July 2020 as a result of the Covid-19 pandemic mean it is unclear whether the Trust can manage its finances in line with its regulatory requirements. As stated in Note 1.1, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter – Property Plant and Equipment valuation

We draw attention to Note 22 Revaluations of property, plant and equipment of the financial statements, which describes the valuation uncertainty the Trust is facing as a result of COVID-19 in relation to property valuations. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Health Services Act 2006

In our opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with the Health Services Act 2006 and the Accounts Directions issued thereunder.

Matters on which we are required to report by exception

We are required to report to you if :

- in our opinion the governance statement does not comply with the NHS Improvement's guidance; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Trust under section 24 of the Local Audit and Accountability Act 2014; or
- we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We have nothing to report in these respects

We refer a matter to the Secretary of State under section 30(1)(b) of the Local Audit and Accountability Act 2014 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.

On 16 May 2019 we referred a matter to the Secretary of State under Section 30(1)(b) of the Local Audit and Accountability Act 2014 on the basis that the Trust breached its break-even duty. That was on the basis that the unaudited financial statements for 2018/19 showed an in year £50.9 million deficit with a cumulative breakeven position of £219.8 million deficit. For 2019/20 the Trust has reported an in year deficit of £23.7 million which would result in a cumulative breakeven position of £238.45 million deficit.

The statutory accounts indicate the Trust has a cumulative deficit at 31 March 2020 of £198.56 million over the four year period from 1 April 2016 to 31 March 2020. On 19 May 2020 we made a further referral to the Secretary of State under Section 30(1)(b) to confirm that the Trust is still in breach of its break-even duty.

Proper arrangements to secure economy, efficiency and effectiveness

We report to you, if we are not satisfied that the Trust has put in place proper arrangements to secure economy efficiency and effectiveness in its use of resources.

Basis for qualified conclusion

The Trust reported a deficit of £23.7 million in its financial statements for the year ending 31 March 2020, thereby breaching its duty under paragraph 2 (1) of Schedule 5 the National Health Service Act 2006, to break even. The Trust has not yet succeeded in addressing the underlying deficit in its budget and is forecasting a further deficit of £47.5 million for 2020/21 before the planned receipt of deficit funding from NHS Improvement. This issue is evidence of weaknesses in proper arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

Qualified conclusion (Except for)

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in April 2020, with the exception of the matter(s) reported in the basis for qualified conclusion paragraph above, we are satisfied that, in all significant respects, Brighton & Sussex University Hospitals NHS Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Responsibilities of the Directors and Accountable Officer

As explained more fully in the Statement of Directors' Responsibilities in respect of the Accounts, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. In preparing the financial statements, the Accountable Officer is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accountable Officer either intends to cease operations, or have no realistic alternative but to do so.

As explained in the statement of the Chief Executive's responsibilities, as the Accountable Officer of the Trust, the Accountable Officer is responsible for the arrangements to secure economy, efficiency and effectiveness in the use of the Trust's resources.

Auditor's responsibility 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 https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

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 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.

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 form a view on whether, in all significant respects, the Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under section 21(3)(c), as amended by schedule 13 paragraph 10(a), of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Section 21(5)(b) of the Local Audit and Accountability Act 2014 requires that our report must not contain our opinion if we are satisfied that proper arrangements are in place.

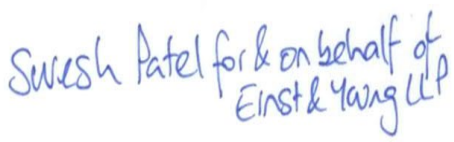
We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of Brighton & Sussex University Hospitals NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the Board of Directors of Brighton & Sussex University Hospitals NHS Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose. Our audit work has been undertaken so that we might state to the Directors of the Trust 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 Directors, for our audit work, for this report, or for the opinions we have formed.



Suresh Patel (Key Audit Partner)

Ernst & Young LLP (Local Auditor) - Southampton

24 June 2020

Brighton and Sussex University Hospitals NHS Trust

Annual accounts for the year ended 31 March 2020

Consolidated Statement of Comprehensive Income

		Group		Trust	
		2019/20	2018/19	2019/20	2018/19
	Note	£000	£000	£000	£000
Operating income from patient care activities	3	562,508	514,141	562,508	514,141
Other operating income	4	93,663	72,998	93,723	73,582
Operating expenses	7, 9	(679,306)	(635,161)	(679,149)	(634,987)
Operating deficit from continuing operations		**(23,135)**	**(48,022)**	**(22,918)**	**(47,264)**
Finance income	12	576	498	201	155
Finance expenses	13	(12,937)	(11,492)	(12,937)	(11,490)
PDC dividends payable		(4,814)	(4,441)	(4,814)	(4,441)
Net finance costs		**(17,175)**	**(15,435)**	**(17,551)**	**(15,776)**
Other gains	14	280	-	1,429	-
Corporation tax expense		(205)	(113)	-	-
Deficit for the year from continuing operations		**(40,235)**	**(63,570)**	**(39,039)**	**(63,040)**
Deficit for the year		**(40,235)**	**(63,570)**	**(39,039)**	**(63,040)**
Other comprehensive income					
Will not be reclassified to income and expenditure:					
Impairments	8	(19,232)	(3,222)	(19,232)	(3,222)
Revaluations	22	8,628	7,877	8,628	7877
May be reclassified to income and expenditure when certain conditions are met:					
Fair value gains on financial assets mandated at fair value through OCI	25	-	967	-	-
Total comprehensive expense for the period		**(50,839)**	**(57,948)**	**(49,643)**	**(58,385)**
Deficit for the period attributable to:					
Brighton and Sussex University Hospitals NHS Trust		(40,235)	(63,570)		
TOTAL		**(40,235)**	**(63,570)**		
Total comprehensive expense for the period attributable to:					
Brighton and Sussex University Hospitals NHS Trust		(50,839)	(57,948)		
TOTAL		**(50,839)**	**(57,948)**		
Adjusted financial performance (control total basis):					
Deficit for the period		(40,235)			
Remove impact of consolidating NHS charitable fund		1,215			
Remove net impairments not scoring to the Departmental expenditure limit		15,900			
Remove I&E impact of capital grants and donations		(581)			
Remove 2018/19 post audit PSF reallocation (2019/20 only)		(610)			
Adjusted financial performance deficit		**(24,311)**			

Statements of Financial Position

	Note	Group 31 March 2020 £000	Group 31 March 2019 £000	Trust 31 March 2020 £000	Trust 31 March 2019 £000
Non-current assets					
Intangible assets	18	3,513	2,343	3,513	2,343
Property, plant and equipment	20	552,806	498,221	552,603	498,104
Other investments / financial assets	25	11,608	12,757	1,100	1,101
Receivables	29	5,347	4,081	5,345	4,081
Total non-current assets		**573,274**	**517,402**	**562,561**	**505,629**
Current assets					
Inventories	28	10,458	9,351	9,614	8,485
Receivables	29	44,989	42,232	45,166	41,712
Cash and cash equivalents	32	8,136	8,282	7,301	6,908
Total current assets		**63,583**	**59,865**	**62,081**	**57,105**
Current liabilities					
Trade and other payables	33	(59,534)	(61,698)	(59,583)	(60,633)
Borrowings	35	(300,067)	(60,300)	(300,067)	(60,300)
Provisions	37	(101)	(556)	(101)	(556)
Other liabilities	34	(1,702)	(1,293)	(1,702)	(1,293)
Total current liabilities		**(361,404)**	**(123,847)**	**(361,452)**	**(122,782)**
Total assets less current liabilities		**275,453**	**453,420**	**263,190**	**439,952**
Non-current liabilities					
Borrowings	35	(65,864)	(268,740)	(65,863)	(268,740)
Provisions	37	(4,151)	(1,759)	(4,140)	(1,736)
Total non-current liabilities		**(70,015)**	**(270,499)**	**(70,003)**	**(270,476)**
Total assets employed		**205,438**	**182,921**	**193,187**	**169,476**
Financed by					
Public dividend capital		476,989	403,633	476,988	403,633
Revaluation reserve		45,785	58,460	45,785	58,460
Income and expenditure reserve		(328,935)	(291,986)	(329,586)	(292,617)
Charitable fund reserves	27	11,599	12,814	-	-
Total taxpayers' equity		**205,438**	**182,921**	**193,187**	**169,476**

The notes on pages 101 to 162 form part of these accounts.

Name **Dame Marianne Griffiths**

Position **Chief Executive**

Date **19 June 2020**

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

Group	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Charitable fund reserves	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**403,633**	**58,460**	**(291,986)**	**12,814**	**182,921**
(Deficit) for the year	-	-	(39,984)	(251)	**(40,235)**
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	-	(2,071)	2,071	-	**-**
Impairments	-	(19,232)	-	-	**(19,232)**
Revaluations	-	8,628	-	-	**8,628**
Public dividend capital received	73,356	-	-	-	**73,356**
Other reserve movements	-	-	964	(964)	**-**
Taxpayers' and others' equity at 31 March 2020	**476,989**	**45,785**	**(328,935)**	**11,599**	**205,438**

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

Group	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Charitable fund reserves	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2018 - brought forward	**337,972**	**53,805**	**(229,083)**	**12,514**	**175,208**
(Deficit) for the year	**-**	**-**	**(64,136)**	**566**	**(63,570)**
Impairments	-	(3,222)	-	-	**(3,222)**
Revaluations	-	7,877	-	-	**7,877**
Fair value gains/(losses) on financial assets mandated at fair value through OCI	-	-	-	967	**967**
Public dividend capital received	65,661	-	-	-	**65,661**
Other reserve movements	-	-	1,233	(1,233)	**-**
Taxpayers' and others' equity at 31 March 2019	**403,633**	**58,460**	**(291,986)**	**12,814**	**182,921**

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

Trust	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**403,633**	**58,460**	**(292,617)**	**169,476**
(Deficit) for the year			(39,040)	**(39,040)**
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits		(2,071)	2,071	**(0)**
Impairments		(19,232)		**(19,232)**
Revaluations		8,628		**8,628**
Public dividend capital received	73,355			**73,355**
Taxpayers' and others' equity at 31 March 2020	**476,988**	**45,785**	**(329,586)**	**193,187**

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

Trust	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2018 - brought forward	**337,972**	**53,805**	**(229,577)**	**162,200**
(Deficit) for the year	-	-	(63,040)	**(63,040)**
Impairments	-	(3,222)	-	**(3,222)**
Revaluations	-	7,877	-	**7,877**
Public dividend capital received	65,661	-	-	**65,661**
Taxpayers' and others' equity at 31 March 2019	**403,633**	**58,460**	**(292,617)**	**169,476**

Statements of Cash Flows

	Note	Group 2019/20 £000	Group 2018/19 £000	Trust 2019/20 £000	Trust 2018/19 £000
Cash flows from operating activities					
Operating surplus / (deficit)		(23,135)	(48,022)	(22,918)	(47,264)
Non-cash income and expense:					
Depreciation and amortisation	7	18,934	19,202	18,894	19,146
Net impairments	8	15,900	13,443	15,900	13,443
Income recognised in respect of capital donations	4	(46)	(650)	(980)	(1,853)
(Increase) / decrease in receivables and other assets		(3,079)	2,494	(3,252)	3,374
(Increase) / decrease in inventories		(1,107)	199	(1,157)	303
Increase / (decrease) in payables and other liabilities		3,590	(5,907)	4,340	(7,744)
Increase / (decrease) in provisions		1,637	(1,336)	1,637	(1,327)
Movements in charitable fund working capital		85	254	-	-
Tax paid		(203)	(115)	-	-
Net cash flows from / (used in) operating activities		**12,576**	**(20,438)**	**12,464**	**(21,922)**
Cash flows from investing activities					
Interest received		201	155	201	155
Purchase of intangible assets		(1,556)	(2,042)	(1,556)	(2,042)
Purchase of PPE and investment property		(104,961)	(97,317)	(104,870)	(97,317)
Sales of PPE and investment property		34	-	34	-
Receipt of cash donations to purchase assets		46	650	980	1,853
Net cash flows from charitable fund investing activities		374	343	-	-
Net cash flows from / (used in) investing activities		**(105,862)**	**(98,211)**	**(105,211)**	**(97,351)**
Cash flows from financing activities					
Public dividend capital received		73,356	65,661	73,356	65,661
Movement on loans from DHSC		38,225	60,913	38,225	60,913
Capital element of PFI, LIFT and other service concession payments		(1,341)	(541)	(1,341)	(541)
Interest on loans		(9,857)	(9,112)	(9,857)	(9,112)
Interest paid on PFI, LIFT and other service concession obligations		(2,774)	(2,297)	(2,774)	(2,297)
PDC dividend paid		(4,469)	(4,315)	(4,469)	(4,315)
Net cash flows from / (used in) financing activities		**93,140**	**110,309**	**93,140**	**110,309**
Increase / (decrease) in cash and cash equivalents		**(146)**	**(8,340)**	**393**	**(8,964)**
Cash and cash equivalents at 1 April - brought forward		**8,282**	**16,622**	**6,908**	**15,872**
Cash and cash equivalents at 31 March	32	**8,136**	**8,282**	**7,301**	**6,908**

Information on reserves

Public dividend capital

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

Revaluation reserve

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

Income and expenditure reserve

The balance of this reserve is the accumulated surpluses and deficits of the Group/Trust.

Charitable funds reserve

This reserve comprises the ring-fenced funds held by the NHS charitable funds consolidated within these financial statements. These reserves are classified as restricted or unrestricted; a breakdown is provided in note 27.

NOTES TO THE ACCOUNTS

1. Accounting Policies

The Secretary of State for Health has directed that the financial statements of NHS Trusts shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the DHSC Group Accounting Manual 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 DHSC Group Accounting Manual permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the NHS 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 Going concern

The directors of the Trust are required to make an assessment as to whether the Trust remains a going concern as at the balance sheet date. In performing that assessment the directors have considered the following:

The GAM requires the management of the Trust to consider the following public sector interpretation of IAS 1 in respect of applying the going concern assumption when preparing its financial statements, noting:

“For non-trading entities in the public sector, the anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision for that service in published documents, is normally sufficient evidence of going concern. DHSC group bodies must therefore prepare their accounts on a going concern basis unless informed by the relevant national body or DHSC sponsor of the intention for dissolution without transfer of services or function to another entity. A trading entity needs to consider whether it is appropriate to continue to prepare its financial statements on a going concern basis where it is being, or is likely to be, wound up.” (GAM Para 4.12.)."

The Trust has not been advised of intention for dissolution without the transfer of services or function to another entity and as such the accounts have been prepared on a going concern basis.

The directors have also taken into account the statement published by NHS England and NHS Improvement (NHSE&I) on 27th May 2020 (https://improvement.nhs.uk/documents/6615/Statement_to_support_forecasting.pdf).
This states that “the financial statements of all NHS providers and CCGs will be prepared on a going concern basis unless there are exceptional circumstances where the entity is being or is likely to be wound up without the provision of its services transferring to another entity in the public sector.” It also states that “Providers can therefore continue to expect NHS funding to flow at similar levels to that previously provided where services are reasonably still expected to be commissioned.”

In further support, during 2019-20 there was significant focus on developing a medium term financial plan for the Trust; incorporating the period to the end of 2023-24. The Trust met with NHSE&I Executives at agreed intervals throughout 2019-20 to share, test and shape the plans. In addition, the plans have commissioner support and reflect STP priorities which support the Trust; including recognising BSUH as the tertiary centre. This plan was formally accepted by NHSE&I in August 2019; agreeing the financial improvement trajectories and support to 2023/24. This trajectory confirms cash flows to support the working capital requirements to the end of the agreed period.

The Trust's draft financial and operational plan submitted to NHSE&I in March 2020 for financial year 2020/21 indicated that savings of at least £27.0m would be needed to achieve the financial target of breakeven for 2020/21; which is reliant on receiving FRF funding from NHSE&I. However, since the draft plan submission, NHSE&I responded to the emergence of Covid-19 by fundamentally changing the financial regime for a period of at least 4 months until the end of July 2020. During this period NHS provider organisations will be funded on a block income, plus a top-up payment to ensure a breakeven revenue position. A commitment has been made to review the position for the remainder of financial year 2020/21 in taking account of the Covid-19 pressures, winter 2020/21 and the degree of recovery that can be expected in elective activity and 'normal' non-elective demand. Providers can therefore continue to expect NHS funding to flow at similar levels to that previously provided where services are reasonably still expected to be commissioned.

The DHSC provided deficit funding of £41.6m as revenue support loans in year bringing the total borrowings including capital investment loans to £336.2m at 31 March 2020. 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 £293,435k 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.

2019/20 was the third year of the management contract with Western Sussex Hospitals NHS Foundation Trust (WSHT) and NHSI. The intention of the management agreement was to provide strong and stable leadership to the Trust for at least three years; following a period of instability and deterioration in all aspects of performance. The Trust has agreed an extension of the management contract arrangements for a period of up to one year, to 31st March 2021, in order to establish a formal, sustainable and scalable group structure with WSHT.

The underlying deficit and reliance on future additional support do indicate the existence of material uncertainty which casts significant doubt about the Trust's ability to continue as a going concern. However, taking into account all relevant guidance in performing the going concern assessment, the directors have a reasonable expectation that the Trust will have adequate resources to continue in operational existence for the foreseeable future. As such, they continue to adopt the going concern basis in preparing the accounts. The

financial statements do not contain the adjustments that would result if the Group was unable to continue as a going concern.

1.2 Accounting convention

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

1.3 Basis of consolidation

The entities included in these accounts are Brighton and Sussex University Hospitals NHS Trust (Parent entity), Brighton and Sussex University Hospitals NHS Trust Charitable fund (wholly owned subsidiary) and Pharm@sea Limited (wholly owned subsidiary).

All three organisations have a coterminous year end of 31 March 2020 with aligned accounting policies.

1.3.1 Subsidiaries

Entities over which the Trust has the power to exercise control are classified as subsidiaries and are consolidated. The Trust has control when it has the ability to affect the variable returns from the other entity through its power to direct relevant activities. The income, expenses, assets, liabilities, equity and reserves of the subsidiary are consolidated in full into the appropriate financial statement lines. The capital and reserves attributable to non-controlling interests are included as a separate item in the Statement of Financial Position.

The results of the wholly owned subsidiary, Pharm@Sea Limited, have been consolidated. The amounts consolidated are drawn from the published financial statements of the subsidiary for the year.

The Trust is the corporate trustee to Brighton and Sussex University Hospitals NHS Charitable funds. 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 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.

1.4 Critical accounting judgements and key sources of estimation uncertainty

In the application of Brighton and Sussex University Hospitals NHS Trust's accounting policies, management is required to make various judgements, estimates and assumptions. These are regularly reviewed.

1.4.1 Critical judgements in applying accounting policies

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

Valuation of Buildings

Department of Health guidance specifies that the Group's land and buildings should be valued on the basis of depreciated replacement cost, applying the Modern Equivalent Asset (MEA) concept. The MEA is defined as "the cost of a modern replacement asset that has the same productive capacity as the property being valued." Therefore the MEA is not a valuation of the existing land and buildings that the Group holds, but a theoretical valuation for accounting purposes of what the Group could need to spend in order to replace the current assets. In determining the MEA, the Group has to make assumptions that are practically achievable, however the Group is not required to have any plans to make such changes.

The Group is satisfied that the assumptions underpinning the MEA valuation are practically achievable, would not change the services provided by the Group, and would not impact on service delivery or the level and volume of service provided. The Group does not intend to implement any of the theoretical assumptions that underpin the MEA valuation.

For the purpose of the MEA valuation, the Group has defined all of the Royal Sussex County Hospital, The Royal Alexandra Children's Hospital, the Sussex Eye Hospital and the Royal Princess Royal Hospital as buildings that provide specialist health care services. The MEA valuation in the accounts assumes that the Brighton based hospitals could theoretically be provided from a location on the outskirts of Brighton.

The MEA valuations used by the Group have been provided to the Group by the external valuers, Gerald Eve LLP. The Group has used component lives based upon contractual information provided by Gerald Eve LLP to depreciate buildings and dwellings on a component basis.

The valuation report for the year notes a material uncertainty due to the impact of the outbreak of Covid 19. The impact of the material uncertainty on the Group's land, buildings and dwellings is detailed in note 22. No other account balances are impacted.

PFI

The Group uses the standard Department of Health model to account for its PFI scheme. This is a standard template that adjusts for the change in Retail Price Index on the annual

unitary charge. The estimation provided from the model is used to adjust for the actual charge.

Assets Under Construction

The costs of the 3T's project (the redevelopment of the Royal Sussex County Hospital), which represent costs capitalised on assets not currently complete, are included in Assets Under Construction. At 31 March 2020 these amounted to £245.0m (2018-19 - £187.5m). The project which has a cost of £486m, based on the full business case and contractual obligations, was approved by HMT in December 2015 with an expected completion date of 2024. The project is estimated to be completed in 2024. There are three phases to the build. The Group has taken the judgement that capitalised expenditure will be classified as Assets Under Construction until completion of each stage of the phases of the build, at which point the assets will be reclassified as operational buildings. Changes in the valuation basis between cost and fair value, when these reclassifications occur, may result in significant changes in the carrying value of the assets.

Provision for Pensions

The Group has estimated the provision for pensions relating to former staff using estimates provided by the NHS Pensions provided at the time of the member's early retirement. These are updated annually using national life expectancy tables and if it becomes apparent that the provision is not sufficient to meet the liability.

1.4.2 Sources of estimation uncertainty

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

Depreciation

The reported amounts for depreciation of property, plant and equipment and amortisation of non-current intangible assets can be materially affected by the judgements exercised in determining their estimated economic lives. Economic lives are determined in a number of different ways such as valuations (external professional opinion) and physical asset verification exercises.

The estimated economic lives of each class of asset are disclosed in notes 1.15, and the carrying values of property, plant and equipment and intangible assets in notes 17 to 20.1.

Land and Buildings Valuations

All land and buildings are restated at current value by way of annual professional valuations carried out by an independent external valuer.

Provision for impairment of receivables

Provisions are based on a combination of the age of the debt and disputes with debtors. The Group follows the guidance issued in the Department of Health Group Accounting

Manual 2019-20 in relation to the recommended rate for Injury Cost Recovery receivables.

1.5 Transfer of functions

As public sector bodies are deemed to operate under common control, business reconfigurations within the DHSC group are outside the scope of IFRS 3 Business Combinations. Where functions transfer between two public sector bodies, the GAM requires the application of 'absorption accounting'. Absorption accounting requires that entities account for their transactions in the period in which they took place. Where assets and liabilities transfer, the gain or loss resulting is recognised in the Statement of Comprehensive Income, and is disclosed separately from operating costs.

As at 31 March 2020, the Group did not transfer any functions (31 March 2019, nil)

1.6 Pooled budgets

The Trust has not entered into a pooled budget arrangement in accordance with section 75 of the NHS Act 2006.

1.7 Operating segments

As at 31 March 2020, Brighton and Sussex University Hospitals did not have any operating segments.

1.8 Revenue

In the application of IFRS 15 a number of practical expedients offered in the Standard have been employed. These are as follows;

The Group does not disclose information regarding performance obligations as part of a contract that has an original expected duration of one year or less,

The Group is to similarly not disclose information where revenue is recognised in line with the practical expedient offered in the Standard, where the right to consideration corresponds directly with value of the performance completed to date.

The FReM has mandated the exercise of the practical expedient offered in the Standard that requires the Group to reflect the aggregate effect of all contracts modified before the date of initial application.

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.

The main source of revenue for the Group is contracts with commissioners in respect of healthcare services. Revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation. At the year end, the Group accrues income relating to performance obligations satisfied in that year. Where a patient care spell is incomplete at the year end, revenue relating to the partially complete spell is accrued in the same manner as other revenue.

1.8.1 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 Group's interim performance does not create an asset with alternative use for the Group, and the Group 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 Group recognises revenue each year over the course of the contract.

1.8.2 NHS injury cost recovery scheme

The Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when 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 a provision for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

1.8.3 Revenue grants and other contributions to expenditure

Government grants are grants from government bodies other than income from commissioners or Trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

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 in accordance with IAS 20, Accounting for Government Grants. Where these funds are paid directly to an accredited training provider, the corresponding notional expense is also recognised at the point of recognition for the benefit.

1.8.4 Other income

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract. This is disclosed under Note 14 of the Accounts.

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 Group accrues income relating to performance obligations satisfied in that year. Where the Group'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.

There are no material contracts for which the performance obligation has not been satisfied as at 31 March 2020.

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

1.8.5 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.

1.9 Employee Benefits

1.9.1 Short-term employee benefits

Salaries, wages and employment-related payments, including payments arising from the apprenticeship levy, are recognised in the period in which the service is received from employees, including non-consolidated performance pay earned but not yet paid. The cost of leave 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.

1.9.2 Retirement benefit costs

NHS Pensions

Past and present employees are covered by the provisions of the NHS Pensions Schemes. These schemes are unfunded, defined benefit schemes that cover NHS employers, General Practices and other bodies allowed under the direction of the Secretary of State in England and Wales. The schemes 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, the schemes are accounted for as though they were defined contribution schemes: the cost to the Group of participating in a scheme is taken as equal to the contributions payable to the scheme for the accounting period.

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

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

The schemes are subject to a full actuarial valuation every four years and an accounting valuation every year.

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.

1.10 Other expenses

Other operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.

1.10.1 Value added tax

Most of the activities of the Group are outside the scope of value added tax (VAT). Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.11 Corporation tax

The corporation tax disclosed in the Group accounts relates to tax on the activities of the wholly owned subsidiary, Pharm@Sea Limited. Tax is charged at 20% on the taxable profits of Pharm@Sea Limited. Deferred tax has been provided on the remaining unwound capital allowances.

The Trust has determined that it is has no corporation tax liability because it is not engaged in activity that is subject to corporation tax.

1.12 Property, plant and equipment

1.12.1 Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential will be supplied to the Group

- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably, and either
- 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.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their individual useful economic lives.

1.12.2 Measurement

All property, plant and equipment is measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets that are held for their service potential and are in use are measured subsequently at their current value in existing use. Assets that were most recently held for their service potential but are surplus are measured at fair value where there are no restrictions preventing access to the market at the reporting date.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying amounts 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, modern equivalent asset basis.

Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements of the service being provided.

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

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 economic lives or low values or both, as this is not considered to be materially different from current value in existing use.

An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5.

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 meeting the location requirements of the services being provided. Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements.

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.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset, and thereafter to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Income.

1.12.3 Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

1.12.4 Derecognition

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 derecognised when all material sale contract conditions have been met.

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

1.13 Investment properties

Investment properties are measured at fair value. Changes in fair value are recognised as gains or losses in income/expenditure.

Only those assets which are held solely to generate a commercial return are considered to be investment properties. Where an asset is held, in part, for support service delivery

objectives, then it is considered to be an item of property, plant and equipment. Properties occupied by employees, whether or not they pay rent at market rates, are not classified as investment properties.

As at 31 March 2020 the Group did not hold any investment properties.

1.14 Intangible assets

1.14.1 Recognition

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

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

Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to sell or use the intangible asset
- how the intangible asset will generate probable future economic benefits or service potential
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it, and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.14.2 Measurement

Intangible assets acquired separately are initially recognised at cost. The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria for recognition are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at current value in existing use by reference to an active market, or, where no active market exists, at the lower of amortised replacement cost (modern equivalent assets basis) and value in use where the asset is income generating. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

Revaluations and impairments are treated in the same manner as for property, plant and equipment.

1.15 Depreciation, amortisation and impairments

Freehold land, assets under construction or development and assets held for sale are not depreciated/amortised.

Otherwise, depreciation or amortisation is charged to write off the costs or valuation of property, plant and equipment and intangible assets, less any residual value, on a straight-line basis over their estimated useful lives. The estimated useful life of an asset is the period over which the Group expects to obtain economic benefits or service potential from the asset. This is specific to the Group and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis.

The ranges of useful lives are shown in the table below:

Tangible Assets:

	Min life Years	**Max life Years**
Buildings, excluding dwellings	2	90
Dwellings	5	68
Plant & machinery	1	15
Information technology	1	10
Furniture & fittings	1	15

Intangible Assets:

	Min life Years	**Max life Years**
Information technology	5	10
Software licences	5	10

Assets held under finance leases are depreciated over the shorter of the lease term and the estimated useful life, unless the Group expects to acquire the asset at the end of the lease term, in which case the asset is depreciated in the same manner as for owned assets

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

Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure.

1.16 Donated assets

Donated non-current assets are capitalised at current value in existing use, if they will be held for their service potential, or otherwise at fair value on receipt, with a matching credit to income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are treated in the same way as for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

1.17 Government grant funded assets

Government grant funded assets are capitalised at current value in existing use, if they will be held for their service potential, or otherwise at fair value on receipt, with a matching credit to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

1.18 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.

1.18.1 The Group as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Statement of Comprehensive Income.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability 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 and building components are separated and individually assessed as to whether they are operating or finance leases.

1.18.2 The Group as lessor

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

1.19 Private Finance Initiative (PFI) transactions

PFI transactions that 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, 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 contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services.

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

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

- payment for the fair value of services received
- repayment of the finance lease liability, including finance costs, and
- payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

1.19.1 Services received

The cost of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'

1.19.2 PFI assets, liabilities and finance costs

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

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the initial value of the 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.

The element of the annual unitary payment increase due to cumulative indexation is 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.

1.19.3 Lifecycle replacement

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

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

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

1.19.4 Assets contributed by the Group 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 Group's Statement of Financial Position.

1.19.5 Other assets contributed by the Group to the operator

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

1.20 Inventories

Inventories are valued at the lower of cost and net realisable value, using the first-in first-out cost formula.

1.21 Cash and cash equivalents

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

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

1.22 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rates.

Personal Injury provisions are discounted using HM Treasury's pension discount rate of minus 0.5% (2018-19: positive 0.29%) in real terms. All general provisions are subject to four separate discount rates according to the expected timing of cash flows from the Statement of Financial Position date:

A nominal short-term rate of 0.51% (2018-19: 0.76%) for inflation adjusted expected cash flows up to and including 5 years from Statement of Financial Position date.

A nominal medium-term rate of 0.55% (2018-19: 1.14%) for inflation adjusted expected cash flows over 5 years up to and including 10 years from the Statement of Financial Position date.

A nominal long-term rate of 1.99% (2018-19: 1.99%) for inflation adjusted expected cash flows over 10 years and up to and including 40 years from the Statement of Financial Position date.

A nominal very long-term rate of 1.99% (2018-19: 1.99%) for inflation adjusted expected cash flows exceeding 40 years from the Statement of Financial Position date.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

1.23 Clinical negligence costs

The NHS Resolution operates a risk pooling scheme under which the Group pays an annual contribution to the NHS Resolution, which in return settles all clinical negligence

claims. The contribution is charged to expenditure. Although the NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Group.

1.24 Non-clinical risk pooling

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

1.25 Continuing healthcare risk pooling

As at 31 March 2020 the Group did not operate a risk pool scheme.

1.26 Carbon Reduction Commitment scheme (CRC)

The CRC scheme is a mandatory cap and trade scheme for non-transport CO2 emissions. The Group is registered with the CRC scheme, and is therefore required to surrender to the Government an allowance for every tonne of CO2 it emits during the financial year. A liability and related expense is recognised in respect of this obligation as CO2 emissions are made.

The carrying amount of the liability at the financial year end will therefore reflect the CO2 emissions that have been made during that financial year, less the allowances (if any) surrendered voluntarily during the financial year in respect of that financial year.

The liability will be measured at the amount expected to be incurred in settling the obligation. This will be the cost of the number of allowances required to settle the obligation.

Allowances acquired under the scheme are recognised as intangible assets.

1.27 Contingent liabilities and contingent assets

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or
- a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably.

A contingent liability is disclosed unless the possibility of a payment is remote. Contingent liabilities are not recognised, but are disclosed in note 39, unless the probability of a transfer of economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future

events not wholly within the control of the Group. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingent liabilities and contingent assets are disclosed at their present value.

1.28 Financial assets

Financial assets are recognised when the Group becomes party to the contractual provision of the financial instrument or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or when the asset has been transferred and the Group has transferred substantially all of the risks and rewards of ownership or has not retained control of the asset.

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

Financial assets are classified into the following categories: financial assets at amortised cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit and loss. The classification is determined by the cash flow and business model characteristics of the financial assets, as set out in IFRS 9, and is determined at the time of initial recognition.

1.28.1 Financial assets at amortised cost

Financial assets measured at amortised cost are those held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and where the cash flows are solely payments of principal and interest. This includes most trade receivables, loans receivable, and other simple debt instruments.

After initial recognition, these financial assets are measured at amortised cost using the effective interest method, less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the life of the financial asset to the gross carrying amount of the financial asset.

1.28.2 Financial assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are those held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest.

1.28.3 Financial assets at fair value through profit and loss

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or fair value through other comprehensive income. This includes derivatives and financial assets acquired principally for the purpose of selling in the short term.

1.28.4 Impairment of financial assets

For all financial assets measured at amortised cost or at fair value through other comprehensive income, lease receivables and contract assets, the Group recognises a loss allowance representing expected credit losses on the financial instrument.

The Group adopts the simplified approach to impairment, in accordance with IFRS 9, and measures the loss allowance for trade receivables, contract assets and lease receivables at an amount equal to lifetime expected credit losses. For other financial assets, the loss allowance is measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition (stage 2), and otherwise at an amount equal to 12-month expected credit losses (stage 1).

HM Treasury has ruled that central government bodies may not recognise stage 1 or stage 2 impairments against other government departments, their executive agencies, the Bank of England, Exchequer Funds, and Exchequer Funds' assets where repayment is ensured by primary legislation. The Group therefore does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies. Additionally, the Department of Health and Social Care provides a guarantee of last resort against the debts of its arm's length bodies and NHS bodies (excluding NHS charities), and the Group does not recognise loss allowances for stage 1 or stage 2 impairments against these 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 the estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

1.28.5 Derecognition

Financial assets are derecognised 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 derecognised when the obligation is discharged, cancelled or expires.

1.29 Financial liabilities

Financial liabilities are recognised when the Group becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been extinguished – that is, the obligation has been discharged or cancelled or has expired.

1.29.1 Financial liabilities at fair value through profit and loss

Derivatives that are liabilities are subsequently measured at fair value through profit or loss, Embedded derivatives that are not part of a hybrid contract containing a host that is an asset within the scope of IFRS 9 are separately accounted for as derivatives only if their economic characteristics and risks are not closely related to those of their host

contracts, a separate instrument with the same terms would meet the definition of a derivative, and the hybrid contract is not itself measured at fair value through profit or loss

1.29.2 Other financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the amortised cost of the financial liability. In the case of DHSC loans that would be the nominal rate charged on the loan.

1.30 Public Dividend Capital (PDC) and PDC dividend

Public dividend capital is a type of public sector equity finance, which represents the Department of Health and Social Care's investment in the Trust. HM Treasury has determined that, being issued under statutory authority rather than under contract, PDC is not a financial instrument within the meaning of IAS 32.

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.

An annual charge, reflecting the cost of capital utilised by the Trust, is payable to the Department of Health and Social Care as PDC dividend. The charge is calculated at the real rate set by the Secretary of State with the consent of HM Treasury (currently 3.5%) on the average relevant net assets of the Trust. Relevant net assets are calculated as the value of all assets less all liabilities, except for:

- donated assets (including lottery funded assets)
- 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)
- any PDC dividend balance receivable or payable.

The average relevant net assets are calculated as a simple average of opening and closing relevant net assets.

In accordance with the requirements laid down by the Department of Health and Social Care, the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts. The PDC dividend calculation is based upon the Group accounts (i.e. including subsidiaries), but excluding consolidated charitable funds.

1.31 Foreign currencies

The Group's functional currency and presentational currency is pounds sterling, and figures are presented in thousands of pounds unless expressly stated otherwise. Transactions denominated in a foreign currency are translated into sterling at the spot exchange rate on the date of the transaction. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March.

Exchange gains and losses on monetary items (arising on settlement of the transaction or on retranslation at the Statement of Financial Position date) are recognised in the Statement of Comprehensive Income in the period in which they arise.

1.32 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Group has no beneficial interest in them.

1.33 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 Group not been bearing its 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.

1.34 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.

1.35 IFRS Standards that have been issued but have not yet been adopted

The DHSC GAM does not require the following IFRS Standards and Interpretations to be applied in 2019-20. These Standards are still subject to HM Treasury FReM adoption, with IFRS 16 being for implementation in 2020-21, and the government implementation date for IFRS 17 still subject to HM Treasury consideration.

- IFRS 16 Leases - The Standard is effective 1 April 2021
- IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

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

1.36 Discontinued operations

Discontinued operations occur where activities either cease without transfer to another entity, or transfer to an entity outside of the boundary of Whole of Government Accounts,

such as private or voluntary sectors. Such activities are accounted for in accordance with IFRS 5. Activities that are transferred to other bodies within the boundary of Whole of Government Accounts are ‘machinery of government changes’ and treated as continuing operations.

As at 31 March 2020, the Group did not have any discontinued operations (31 March 2019)

Note 2 Operating segments

The Group operates as a single segment.

The nature of the Trust's services is the provision of healthcare. Similar methods are used to provide services across all locations and all policies, procedures and governance arrangements are Trust wide. As an NHS Trust, all services are subject to the same regulatory environment and standards set by the Trust's external performance managers. Accordingly, the Trust operates one segment and in 2019-20 reported to the Board in this format. No discrete activities of the business have individual revenue exceeding 10% of the total combined revenue, profit or assets.

Income from transactions with a single external customer which amount to 10% or more of total income is as follows:

	2019/20 £000	2018/19 £000
NHS England	209,876	179,783
CCG *	317,436	292,757
	527,312	472,540

This income all relates to patient activity.

* As commissioners are under common control they are classed as a single customer for this purpose.

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.8.

Note 3.1 Income from patient care activities (by nature)

Note 3.1 Income from patient care activities (by nature)	2019/20	Group Restated 2018/19	2018/19
	£000	£000	£000
Acute services			
Elective income	78,832	72,445	72,445
Non elective income	139,252	127,446	127,446
First outpatient income	21,714	20,495	20,495
Follow up outpatient income	24,281	23,349	23,349
A & E income	26,629	23,784	23,784
High cost drugs income from commissioners (excluding pass-through costs)	80,740	78,573	78,573
Other NHS clinical income	160,817	149,858	137,489
All services			
Private patient income	5,666	5,031	5,031
Agenda for Change pay award central funding*		5,747	5,747
Additional pension contribution central funding**	16,272	-	-
Other clinical income	8,305	7,413	19,782
Total income from activities	**562,508**	**514,141**	**514,141**

The table above is also for the results of the Trust

*Additional costs of the Agenda for Change pay reform in 2018/19 received central funding. From 2019/20 this funding is incorporated into tariff for individual services.

**The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. For 2019/20, NHS providers continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

Other income during the year has been reclassified. The movement in other NHS clinical income is £5.3m for the new EACU and £2.0m for increased ITU activity.

Note 3.2 Income from patient care activities (by source)

	Group		Trust	
	2019/20	2018/19	2019/20	2018/19
Income from patient care activities received from:	£000	£000	£000	£000
NHS England	209,876	179,783	209,876	179,783
Clinical commissioning groups	317,436	292,757	317,436	292,757
Department of Health and Social Care	84	5,785	84	5,785
Other NHS providers	1,134	1,204	1,134	1,204
NHS other	280	352	280	352
Local authorities	3,726	3,753	3,726	3,753
Non-NHS: private patients	5,666	5,031	5,666	5,031
Non-NHS: overseas patients (chargeable to patient)	858	411	858	411
Injury cost recovery scheme	1,942	2,080	1,942	2,080
Non NHS: other	21,506	22,985	21,506	22,985
Total income from activities	**562,508**	**514,141**	**562,508**	**514,141**
Of which:				
Related to continuing operations	562,508	514,141	562,508	514,141

Non NHS: other comprises mainly income from two local MSK Partnerships totalling £21.4m.

Note 3.3 Overseas visitors (relating to patients charged directly by the provider)

	2019/20 £000	2018/19 £000
Income recognised this year	858	411
Cash payments received in-year	367	275
Amounts added to provision for impairment of receivables	51	243
Amounts written off in-year	-	106

Note 4 Other operating income (Group)

	2019/20			2018/19		
	Contract income £000	Non-contract income £000	Total £000	Contract income £000	Non-contract income £000	Total £000
Research and development	4,684	-	**4,684**	5,228	-	**5,228**
Education and training	30,947	459	**31,406**	30,728	-	**30,728**
Non-patient care services to other bodies	5,990	-	**5,990**	1,618	-	**1,618**
Provider sustainability fund (PSF)	11,204	-	**11,204**	14,394	-	**14,394**
Financial recovery fund (FRF)	14,807	-	**14,807**	-	-	**-**
Marginal rate emergency tariff funding (MRET)	1,848	-	**1,848**	-	-	**-**
Income in respect of employee benefits accounted on a gross basis	6,128	-	**6,128**	4,544	-	**4,544**
Receipt of capital grants and donations	-	46	**46**	-	650	**650**
Charitable and other contributions to expenditure	-	171	**171**	-	-	**-**
Rental revenue from operating leases	-	451	**451**	-	466	**466**
Charitable fund incoming resources	-	1,616	**1,616**	-	1,044	**1,044**
Other income**	13,882	1,430	**15,312**	14,326	-	**14,326**
Total other operating income	**89,490**	**4,173**	**93,663**	**70,838**	**2,160**	**72,998**
Of which:						
Related to continuing operations			**93,663**			**72,998**
Other income**						
Car Parking income			1,493			1,373
Catering			857			764
Pharmacy sales			361			147
Staff accommodation rental			526			477
Crèche services			880			878
Clinical tests			2,418			3,403
Clinical excellence awards			1,751			1,610
Other income not already covered ***			7,026			5,674
			15,312			**14,326**

Other income not already covered *** of £7,026k (2019/20) includes £933k relating to insurance claims for business interruption as a result of fires across both hospital sites.

Note 4.1 Other operating income (Trust)

	2019/20 Contract income £000	2019/20 Non-contract income £000	2019/20 Total £000	2018/19 Contract income £000	2018/19 Non-contract income £000	2018/19 Total £000
Research and development	4,684	-	**4,684**	5,228	-	**5,228**
Education and training	30,947	459	**31,406**	30,728	-	**30,728**
Non-patient care services to other bodies	5,990	-	**5,990**	1,618	-	**1,618**
Provider sustainability fund (PSF)	11,204	-	**11,204**	14,394	-	**14,394**
Financial recovery fund (FRF)	14,807	-	**14,807**	-	-	**-**
Marginal rate emergency tariff funding (MRET)	1,848	-	**1,848**	-	-	**-**
Income in respect of employee benefits accounted on a gross basis	6,128	-	**6,128**	4,544	-	**4,544**
Receipt of capital grants and donations	-	46	**46**	-	1,853	**1,853**
Charitable and other contributions to expenditure	-	171	**171**	-	-	**-**
Rental revenue from operating leases	-	451	**451**	-	466	**466**
Charitable fund incoming resources	-		**-**	-		**-**
Other income**	13,882	3,106	**16,988**	14,751	-	**14,751**
Total other operating income	**89,490**	**4,233**	**93,723**	**71,263**	**2,319**	**73,582**
Of which:						
Related to continuing operations			**93,663**			**72,998**
Other income**						
Car Parking income			1,493			1,373
Catering			857			764
Pharmacy sales			361			147
Staff accommodation rental			526			477
Crèche services			880			878
Clinical tests			2,418			3,403
Clinical excellence awards			1,751			1,610
Other income not already covered ***			8,702			6,099
			16,988			**14,751**

Other income not already covered *** of £8,702k (2019/20) includes £933k relating to insurance claims for business interruption as a result of fires across both hospital sites.

Note 5 Additional information on contract revenue (IFRS 15) recognised in the period

	2019/20 £000	2018/19 £000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	147	2,837
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	-	-

Note 6 Fees and charges (Group/Trust)

HM Treasury requires disclosure of fees and charges income. The following disclosure is of income from charges to service users where income from that service exceeds £1 million and is presented as the aggregate of such income. The cost associated with the service that generated the income is also disclosed.

	2019/20 £000	2018/19 £000
Income	1,251	1,218
Full cost	(349)	(524)
Surplus	**902**	**694**

Note 7 Operating expenses

	Group		Trust	
	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000
Purchase of healthcare from NHS and DHSC bodies	5,866	5,220	5,866	5,220
Purchase of healthcare from non-NHS and non-DHSC bodies	9,798	7,301	9,778	7,301
Staff and executive directors costs	412,067	374,820	411,488	374,252
Remuneration of non-executive directors	57	96	57	96
Supplies and services - clinical (excluding drugs costs)	65,836	63,115	65,836	63,115
Supplies and services - general	6,444	7,062	6,444	7,062
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	76,137	77,776	77,867	79,407
Inventories written down	197	81	197	81
Consultancy costs	384	1,962	384	1,962
Establishment	4,363	4,359	4,261	4,359
Premises	18,420	16,435	18,420	16,435
Transport (including patient travel)	2,131	1,643	2,102	1,643
Depreciation on property, plant and equipment	18,517	18,953	18,477	18,897
Amortisation on intangible assets	417	249	417	249
Net impairments	15,900	13,443	15,900	13,443
Movement in credit loss allowance: contract receivables / contract assets	(384)	(57)	(384)	(57)
Change in provisions discount rate(s)	127	(38)	127	(38)
Audit fees payable to the external auditor				
audit services- statutory audit	109	106	83	86
other auditor remuneration (external auditor only)	23	12	23	12
Internal audit costs	69	115	69	115
Clinical negligence	22,365	22,547	22,365	22,547
Legal fees	370	364	370	364
Insurance	344	410	344	410
Research and development	5,850	5,894	5,850	5,894
Education and training	7,507	6,788	7,505	6,788
Rentals under operating leases	2,942	3,385	2,942	3,385
Redundancy	66	-	66	-
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI)	1,014	1,215	1,014	1,215
Car parking & security	349	524	349	524
Losses, ex gratia & special payments	17	16	17	16
Other NHS charitable fund resources expended	1,082	812	-	-
Other	922	553	915	204
Total	**679,306**	**635,161**	**679,149**	**634,987**
Of which:				
Related to continuing operations	679,306	635,161	679,149	634,987

The increase in staff and executive director's costs includes £16.3m as a result of additional Employer's Pension liability payable by DHSC.

Note 7.1 Other auditor remuneration (Group)

	2019/20 £000	2018/19 £000
Other auditor remuneration paid to the external auditor:		
1. Audit-related assurance services	23	12
Total	**23**	**12**

Note 7.2 Limitation on auditor's liability (Trust)

The limitation on auditor's liability for external audit work is £2,000k (2018/19: £3,000k).

Note 8 Impairment of assets (Group)

	2019/20 £000	2018/19 £000
Net impairments charged to operating surplus / deficit resulting from:		
Loss as a result of catastrophe	1	-
Changes in market price	15,899	13,443
Total net impairments charged to operating surplus / deficit	**15,900**	**13,443**
Impairments charged to the revaluation reserve	19,232	3,222
Total net impairments	**35,132**	**16,665**

The impairment of £15,899k relates to a change in value of the Trust's estate following the annual valuation exercise carried out by the external valuer, Gerald Eve LLP.

Note 9 Employee benefits

	Group			Trust		
	2019/20	2018/19 Restated	2018/19	2019/20	2018/19 Restated	2018/19
	Total £000	Total £000	Total £000	Total £000	Total £000	Total £000
Salaries and wages	318,736	302,304	281,982	318,157	301,814	281,492
Social security costs	32,424	31,101	31,101	32,424	31,056	31,056
Apprenticeship levy	1,554	1,499	1,499	1,554	1,499	1,499
Employer's contributions to NHS pensions	53,218	34,856	34,856	53,218	34,856	34,856
Pension cost - other	-	40	40	-	23	23
Temporary staff (including agency)	15,829	14,009	34,331	15,829	13,993	34,315
Total gross staff costs	**421,761**	**383,809**	**383,809**	**421,182**	**383,241**	**383,241**
Total staff costs	**421,761**	**383,809**	**383,809**	**421,182**	**383,241**	**383,241**
Of which						
Costs capitalised as part of assets	980	451	451	**980**	451	451
	420,781	**383,358**	**383,358**	**420,202**	**382,790**	**382,790**

** £20,322k of Temporary staff (including agency) for the Internal bank cost in 2018/19 is now disclosed as Salaries and wages in accordance with the FReM requirements for reporting temporary staff spend.

The increase in pay costs is as a result of additional Employer's Pension liability of £16.3m payable by DHSC.

Note 9.1 Retirements due to ill-health (Group)

During 2019/20 there were 2 early retirements from the Group agreed on the grounds of ill-health (10 in the year ended 31 March 2019). The estimated additional pension liabilities of these ill-health retirements is £58k (£465k in 2018/19).

These estimated costs are calculated on an average basis and will be borne by the NHS Pension Scheme.

Note 10 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined

benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 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.

c) NEST

The Pensions Act 2008 and 2001 Automatic Enrolment Regulations required all employers to enrol workers meeting certain criteria into a pension scheme and pay

contributions toward their retirement. Employees who are unable to join the NHS Pensions Scheme are covered by the National Employers Savings Trust ("NEST").

The auto enrolment "staging" date for the Trust compliance was 1 April 2013. This was followed by a re-enrolment date of 1 April 2016 and then again on the 1 April 2019. For those staff not entitled to join the NHS Pension Scheme, the Trust utilised an alternative pension scheme called NEST to fulfil its automatic enrolment obligations. NEST is a defined contribution pension scheme established by law to support the introduction of auto enrolment.

Contributions are taken from qualifying earnings, which are currently from £6,240 up to £50,000 but are reviewed every year by the government. The initial contribution was 1% of qualifying earnings, with an employer contribution of 1%. This has been increased by the stages below which were set by the government.

Date	Employee Contribution	Employer Contribution	Total Contribution
1st March 2013	1%	1%	2%
6th April 2018	3%	2%	5%
6th April 2019	5%	3%	8%

Note 11 Operating leases (Group)

Note 11.1 Brighton and Sussex University Hospitals NHS Trust as a lessor

This note discloses income generated in operating lease agreements where Brighton and Sussex University Hospitals NHS Trust is the lessor.

The Trust leases space to third parties to provide food, beverages and newspapers, the swimming pool on the St Mary's Hall site in Brighton, office space and use of sites for the location of aerials. The Trust also leases space to the wholly owned subsidiary, Pharm@Sea Limited. The terms of these leases vary between one and fifteen years.

	2019/20 £000	2018/19 £000
Operating lease revenue		
Minimum lease receipts	451	466
Total	**451**	**466**

	31 March 2020 £000	31 March 2019 £000
Future minimum lease receipts due:		
- not later than one year;	482	524
- later than one year and not later than five years;	1,738	1,989
- later than five years.	37	36
Total	**2,257**	**2,549**

Note 11.2 Brighton and Sussex University Hospitals NHS Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Brighton and Sussex University Hospitals NHS Trust is the lessee.

The Trust leases four properties which are for periods of between eighteen and twenty five years. The leases cannot be cancelled unless through agreed break clauses. There are no contingent rents and the Trust may not assign any of the leases without the landlord's permission.

Details of the leases are set out below:	Term Yrs	Start Date	End Date	Break Clause	Break Clause Notice
Sussex House, Brighton	18	29/03/2007	28/03/2025	N/A	N/A
Freshfield, Brighton	19	24/06/2003	23/06/2022	23/06/2017	12 months
Preston Road, Brighton	20	21/05/2013	10/02/2033	10/02/2022	6 months
Radiotherapy Centre, Eastbourne	25	24/07/2017	23/01/2042	N/A	12 months

	2019/20 £000	2018/19 £000
Operating lease expense		
Minimum lease payments	2,942	3,385
Total	**2,942**	**3,385**

	31 March 2020 £000	31 March 2019 £000
Future minimum lease payments due:		
- not later than one year;	2,538	3,171
- later than one year and not later than five years;	9,098	11,007
- later than five years.	19,119	22,680
Total	**30,755**	**36,858**
Future minimum sublease payments to be received	-	-

Note 12 Finance income

Finance income represents interest received on assets and investments in the period.

	Group		Trust	
	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000
Interest on bank accounts	201	155	201	155
NHS charitable fund investment income	375	343	-	-
Total finance income	**576**	**498**	**201**	**155**

Note 13 Finance expenditure

Finance expenditure represents interest and other charges involved in the borrowing of money.

	Group	
	2019/20 £000	2018/19 £000
Interest expense:		
Loans from the Department of Health and Social Care	9,863	9,329
obligations	1,581	1,622
obligations	1,193	675
Total interest expense	**12,637**	**11,626**
Unwinding of discount on provisions	300	(136)
Other finance costs	-	2
Total finance costs	**12,937**	**11,492**

The table above pertains to the Trust and the Group as neither the Charitable funds nor Pharm@Sea Limited have any borrowings.

Note 13.1 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015 (Group)

	2019/20 £000	2018/19 £000
Total liability accruing in year under this legislation as a	-	-
Amounts included within interest payable arising from claims made under this legislation	-	-
Compensation paid to cover debt recovery costs under	-	-

Note 14 Other gains (Group)

	2019/20 £000	2018/19 £000
Gains on disposal of assets	1,429	-
Total gains on disposal of assets	**1,429**	**-**
Total other gains	**1,429**	**-**

The table above pertains to the Trust and the Group.

£1,395k of the gains relates to insurance claim asset following derecognition of plant and machinery following fires on both sites.

Note 15 Trust income statement and statement of comprehensive income

In accordance with Section 408 of the Companies Act 2006, the Trust is exempt from the requirement to present its own income statement and statement of comprehensive income. The Trust's deficit for the period was £39 million (2018/19: £63 million). The Trust's total comprehensive (expense) for the period was £49 million (2018/19: £58 million).

Note 16 Discontinued operations (Group)

There were no discontinued operations for the year ended 31 March 2020 (31 March 2019, nil).

Note 17 Intangible assets - 2019/20 (Group)

Group	Software licences	Internally generated information technology	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2019 - brought forward	**1,440**	**2,355**	**3,795**
Additions	1,190	366	**1,556**
Reclassifications	-	31	**31**
Valuation / gross cost at 31 March 2020	**2,630**	**2,752**	**5,382**
Amortisation at 1 April 2019 - brought forward	**640**	**812**	**1,452**
Provided during the year	108	309	**417**
Amortisation at 31 March 2020	**748**	**1,121**	**1,869**
Net book value at 31 March 2020	**1,882**	**1,631**	**3,513**
Net book value at 1 April 2019	**800**	**1,543**	**2,343**

Note 17.1 Intangible assets - 2018/19 (Group)

Group	Software licences	Internally generated information technology	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2018 - as previously stated	**592**	**1,161**	**1,753**
Additions	848	1,194	**2,042**
Reclassifications	-	-	**-**
Valuation / gross cost at 31 March 2019	**1,440**	**2,355**	**3,795**
Amortisation at 1 April 2018 - as previously stated	**574**	**629**	**1,203**
Provided during the year	66	183	**249**
Amortisation at 31 March 2019	**640**	**812**	**1,452**
Net book value at 31 March 2019	**800**	**1,543**	**2,343**
Net book value at 1 April 2018	**18**	**532**	**550**

Note 18 Intangible assets - 2019/20 (Trust)

Trust	Software licences	Internally generated information technology	Total
	£000	£000	£000
forward	**1,440**	**2,355**	**3,795**
Additions	1,190	366	**1,556**
Reclassifications	-	31	**31**
Valuation / gross cost at 31 March 2020	**2,630**	**2,752**	**5,382**
Amortisation at 1 April 2019 - brought forward	**640**	**812**	**1,452**
Provided during the year	108	309	**417**
Amortisation at 31 March 2020	**748**	**1,121**	**1,869**
Net book value at 31 March 2020	**1,882**	**1,631**	**3,513**
Net book value at 1 April 2019	**800**	**1,543**	**2,343**

Note 18.1 Intangible assets - 2018/19 (Trust)

Trust	Software licences	Internally generated information technology	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2018 - as previously stated	**592**	**1,161**	**1,753**
Additions	848	1,194	**2,042**
Valuation / gross cost at 31 March 2019	**1,440**	**2,355**	**3,795**
Amortisation at 1 April 2018 - as previously stated	**574**	**629**	**1,203**
Provided during the year	66	183	**249**
Amortisation at 31 March 2019	**640**	**812**	**1,452**
Net book value at 31 March 2019	**800**	**1,543**	**2,343**
Net book value at 1 April 2018	**18**	**532**	**550**

Note 19 Property, plant and equipment - 2019/20 (Group)

Group	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2019 - brought forward	**34,947**	**216,597**	**617**	**197,040**	**122,896**	**217**	**47,736**	**4,322**	**624,372**
Additions	-	10,032	-	74,821	8,908	-	5,877	-	**99,638**
Impairments	(5,126)	(14,060)	(46)	-	-	-	-	-	**(19,232)**
Revaluations	(5,424)	(9,732)	12	-	-	-	-	-	**(15,144)**
Reclassifications	-	14,626	-	(19,367)	2,946	-	1,764	-	**(31)**
Disposals / derecognition	-	-	-	-	(1,939)	-	-	-	**(1,939)**
Valuation/gross cost at 31 March 2020	**24,397**	**217,463**	**583**	**252,494**	**132,810**	**217**	**55,377**	**4,322**	**687,663**
Accumulated depreciation at 1 April 2019 - brought forward	**-**	**-**	**-**	**-**	**90,571**	**217**	**31,066**	**4,297**	**126,151**
Provided during the year	-	7,857	16	-	6,473	-	4,156	15	**18,517**
Impairments	5,447	21,594	-	-	-	-	-	-	**27,041**
Reversals of impairments	-	(11,121)	(20)	-	-	-	-	-	**(11,141)**
Revaluations	(5,447)	(18,330)	4	-	-	-	-	-	**(23,773)**
Disposals / derecognition	-	-	-	-	(1,938)	-	-	-	**(1,938)**
Accumulated depreciation at 31 March 2020	**-**	**-**	**-**	**-**	**95,106**	**217**	**35,222**	**4,312**	**134,857**
Net book value at 31 March 2020	**24,397**	**217,463**	**583**	**252,494**	**37,704**	**-**	**20,155**	**10**	**552,806**
Net book value at 1 April 2019	**34,947**	**216,597**	**617**	**197,040**	**32,325**	**-**	**16,670**	**25**	**498,221**

Note 19.1 Property, plant and equipment - 2018/19 (Group)

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018 - as previously stated	**30,357**	**218,900**	**618**	**134,566**	**111,402**	**217**	**37,169**	**4,317**	**537,546**
Additions	-	18,861	1	62,474	11,494	-	10,567	5	**103,402**
Impairments	(123)	(27,184)	(2)	-	-	-	-	-	**(27,309)**
Reversals of impairments	53	2,804	(1)	-	-	-	-	-	**2,856**
Revaluations	4,660	3,216	1	-	-	-	-	-	**7,877**
Reclassifications	-	-	-	-	-	-	-	-	**-**
Valuation/gross cost at 31 March 2019	**34,947**	**216,597**	**617**	**197,040**	**122,896**	**217**	**47,736**	**4,322**	**624,372**
Accumulated depreciation at 1 April 2018 - as previously stated	**-**	**-**	**-**	**-**	**82,918**	**217**	**27,602**	**4,249**	**114,986**
Provided during the year	-	7,773	15	-	7,653	-	3,464	48	**18,953**
Impairments	-	(7,773)	(15)	-	-	-	-	-	**(7,788)**
Accumulated depreciation at 31 March 2019	**-**	**-**	**-**	**-**	**90,571**	**217**	**31,066**	**4,297**	**126,151**
Net book value at 31 March 2019	**34,947**	**216,597**	**617**	**197,040**	**32,325**	**-**	**16,670**	**25**	**498,221**
Net book value at 1 April 2018	**30,357**	**218,900**	**618**	**134,566**	**28,484**	**-**	**9,567**	**68**	**422,560**

Note 19.2 Property, plant and equipment financing - 2019/20 (Group)

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Charitable fund PPE assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020										
Owned - purchased	24,397	180,326	583	251,223	36,021	-	20,148	9	-	**512,707**
On-SoFP PFI contracts and other service concession arrangements	-	34,722	-	-	-	-	-	-	-	**34,722**
Owned - donated	-	2,414	-	1,271	1,684	-	7	1	-	**5,377**
NBV total at 31 March 2020	**24,397**	**217,462**	**583**	**252,494**	**37,705**	**-**	**20,155**	**10**	**-**	**552,806**

Note 19.3 Property, plant and equipment financing - 2018/19 (Group)

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Charitable fund PPE assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019										
Owned - purchased	34,947	184,643	617	195,547	31,016	-	16,647	23	-	**463,440**
On-SoFP PFI contracts and other service concession arrangements	-	30,690	-	-	-	-	-	-	-	**30,690**
Owned - donated	-	1,264	-	1,493	1,309	-	23	2	-	**4,091**
NBV total at 31 March 2019	**34,947**	**216,597**	**617**	**197,040**	**32,325**	**-**	**16,670**	**25**	**-**	**498,221**

Note 20 Property, plant and equipment - 2019/20 (Trust)

Trust	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2019 - brought forward	**34,947**	**216,597**	**617**	**197,040**	**122,488**	**217**	**47,736**	**4,322**	**623,964**
Additions	-	10,032	-	74,694	8,908	-	5,877	-	**99,511**
Impairments	(5,126)	(14,060)	(46)	-	-	-	-	-	**(19,232)**
Revaluations	(5,424)	(9,732)	12	-	-	-	-	-	**(15,144)**
Reclassifications	-	14,626	-	(19,367)	2,946	-	1,764	-	**(31)**
Disposals / derecognition	-	-	-	-	(1,939)	-	-	-	**(1,939)**
Valuation/gross cost at 31 March 2020	**24,397**	**217,463**	**583**	**252,367**	**132,403**	**217**	**55,377**	**4,322**	**687,129**
Accumulated depreciation at 1 April 2019 - brought forward	**-**	**-**	**-**	**-**	**90,280**	**217**	**31,066**	**4,297**	**125,860**
Provided during the year	-	7,857	16	-	6,433	-	4,156	15	**18,477**
Impairments	5,447	21,594	-	-	-	-	-	-	**27,041**
Reversals of impairments	-	(11,121)	(20)	-	-	-	-	-	**(11,141)**
Revaluations	(5,447)	(18,330)	4	-	-	-	-	-	**(23,773)**
Disposals / derecognition	-	-	-	-	(1,938)	-	-	-	**(1,938)**
Accumulated depreciation at 31 March 2020	**-**	**-**	**-**	**-**	**94,775**	**217**	**35,222**	**4,312**	**134,526**
Net book value at 31 March 2020	**24,397**	**217,463**	**583**	**252,367**	**37,628**	**-**	**20,155**	**10**	**552,603**
Net book value at 1 April 2019	**34,947**	**216,597**	**617**	**197,040**	**32,208**	**-**	**16,670**	**25**	**498,104**

Note 20.1 Property, plant and equipment - 2018/19 (Trust)

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018 - as previously stated	**30,357**	**218,900**	**618**	**134,566**	**110,994**	**217**	**37,169**	**4,317**	**537,138**
Additions	-	18,861	1	62,474	11,494	-	10,567	5	**103,402**
Impairments	(123)	(27,184)	(2)	-	-	-	-	-	**(27,309)**
Reversals of impairments	53	2,804	(1)	-	-	-	-	-	**2,856**
Revaluations	4,660	3,216	1	-	-	-	-	-	**7,877**
Valuation/gross cost at 31 March 2019	**34,947**	**216,597**	**617**	**197,040**	**122,488**	**217**	**47,736**	**4,322**	**623,964**
Accumulated depreciation at 1 April 2018 - as previously stated	**-**	**-**	**-**	**-**	**82,683**	**217**	**27,602**	**4,249**	**114,751**
Provided during the year	**-**	7,773	15	-	7,597	-	3,464	48	**18,897**
Impairments	**-**	(7,773)	(15)	-	-	-	-	-	**(7,788)**
Accumulated depreciation at 31 March 2019	**-**	**-**	**-**	**-**	**90,280**	**217**	**31,066**	**4,297**	**125,860**
Net book value at 31 March 2019	**34,947**	**216,597**	**617**	**197,040**	**32,208**	**-**	**16,670**	**25**	**498,104**
Net book value at 1 April 2018	**30,357**	**218,900**	**618**	**134,566**	**28,311**	**-**	**9,567**	**68**	**422,387**

Note 20.2 Property, plant and equipment financing - 2019/20 (Trust)

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020									
Owned - purchased	24,397	180,327	583	251,096	35,944	-	20,148	9	**512,504**
On-SoFP PFI contracts and other service concession arrangements	-	34,722	-	-	-	-	-	-	**34,722**
Owned - donated	-	2,414	-	1,271	1,684	-	7	1	**5,377**
NBV total at 31 March 2020	**24,397**	**217,463**	**583**	**252,367**	**37,628**	**-**	**20,155**	**10**	**552,603**

Note 20.3 Property, plant and equipment financing - 2018/19 (Trust)

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019									
Owned - purchased	**34,947**	**184,643**	**617**	**195,547**	**30,899**	-	**16,647**	**23**	**463,323**
On-SoFP PFI contracts and other service concession arrangements	-	30,690	-	-	-	-	-	-	**30,690**
Owned - donated	-	1,264	-	1,493	1,309	-	23	2	**4,091**
NBV total at 31 March 2019	**34,947**	**216,597**	**617**	**197,040**	**32,208**	**-**	**16,670**	**25**	**498,104**

Note 21 Donations of property, plant and equipment

The value of assets donated by the Brighton and Sussex University Hospitals NHS Trust Charitable Funds during the year was £980k (31 March 2019, £1,203k). There are no restrictions or conditions imposed by the donations.

Note 22 Revaluations of property, plant and equipment

The Trust undertakes an estates revaluation annually. This year the valuation was carried out as at 31 March 2020 by the external valuer Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was carried out in accordance with the requirements of the RICS valuation - Global Standard 2017 and the national standards and guidance set out in the UK national supplement (November 2018 edition), and the International Valuation Standards and IFRS as adapted and interpreted by the Financial Reporting Manual (FReM). The valuation of the non-specialised properties was undertaken on a Fair Value basis, on the assumption of continuation of the existing use. Specialised properties were valued by reference to Depreciated Replacement Cost (DRC), with other in-use properties reported on an Existing Use Value Basis.

The valuation was carried out on the basis of Fair Value. Fair value is determined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between participants at the measurement date. The Fair Value of land and buildings is determined from market based evidence and is therefore akin to Market Value. For non-specialised operational assets in accordance with the FReM adaptations this equates to Existing Use Value and for specialised operational assets Fair Value estimated using Depreciated Replacement Cost method subject to the assumption of continuing use.

Most of the Trust's assets qualify as specialised operational assets and therefore fall to be assessed using the Depreciated Replacement Cost approach and have been valued on an optimal site modern equivalent asset basis. That is the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

Non-operational assets, including surplus land, are valued on the basis of Market Value on the assumption that the property is no longer required for existing operations, which have ceased.

The full valuation exercise was carried out in January 2020 with a valuation date of 31 March 2020. This was last updated in April 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2017 (‘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 valuation takes account of minus 7.5% discount on the pre-Covid-19 positions on the land values for the two main DRC hospital sites. They also incorporate the latest Building Cost Information Service (BCIS) position on cost rates which was obtained on 27 March 2020. The BCIS is a provider of cost and price information for the UK construction industry. It is a part of the Royal

Institution of Chartered Surveyors. They update their cost forecasts twice a month – at the midpoint and month end, and given the uncertainties posed about the economy due to Covid-19 and its impact on construction tender prices (on which the DRC based building values are based), the adjustment was made. 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.

Although there was no data pertaining to post-Covid-19 land transactions on which to base the land elements of the valuation, the valuer made a minus 5% reduction to the pre-Covid positions to reflect the limited number of buyers able or willing to make a purchase of industrial land on the valuation date and the likely discount that the seller would have to make to complete a transaction. Overall for both buildings and land this represents a fall of £2m in the valuation.

The estimated remaining lives of the buildings have been adjusted in line with the Gerald Eve's valuation:

	Min life	**Max life**
	Years	**Years**
Buildings excluding dwellings	2	90
Dwellings	5	68
Plant & machinery	1	15
Information technology	1	10
Furniture & fittings	1	15

Note 23 Investment Property

As at 31 March 2020 the Trust did not hold any investment properties (31 March 2019, nil).

Note 24 Investments in associates and joint ventures

The Trust did not hold any investments in associates or joint ventures as at 31 March 2020 (31 March 2019, nil).

Note 25 Other investments / financial assets (non-current)

	Group		**Trust**	
	2019/20	**2018/19**	**2019/20**	**2018/19**
	£000	**£000**	**£000**	**£000**
Carrying value at 1 April - brought forward	**12,757**	**11,790**	**1,101**	**1,101**
Movement in fair value through OCI	(1,149)	967	-	-
Carrying value at 31 March	**11,608**	**12,757**	**1,101**	**1,101**

£1,101k represents the cost of investment in Pharm@Sea Limited, the wholly owned subsidiary of the Trust. The company is registered in the UK, company no. 08842973 with a share capital of 1,101,000 of £1 each. The company trades as an outpatients dispensary service at the Royal Sussex County Hospital site. The figures in the note below are based on the audited accounts to the 31 March 2020.

	2019/20 £000	2018/19 £000
Total gross assets of the entity	4,337	4,586
Total gross liabilities of the entity	(2,607)	(2,854)
Total revenues	(20,593)	21,044
Profit for the year	18	137

£11,608k represents the investment in shares held by the Charity (31 March 2019, 12,757k).

Note 26 Disclosure of interests in other entities

The Trust's investment of £1,101k represents the cost of investment in Pharm@Sea Limited, the wholly owned subsidiary of the Trust. The company is registered in the UK, company no. 08842973 with a share capital of 1,101,000 of £1 each. The company trades as an outpatients dispensary service at the Royal Sussex County Hospital site.

Note 27 Analysis of charitable fund reserves

The Trust has consolidated the Brighton and Sussex University Hospitals NHS Charitable Funds draft accounts as at 31 March 2020 as part of these accounts. The analysis of funds is noted below.

	31 March 2020 £000	31 March 2019 £000
Unrestricted funds:		
Unrestricted income funds	9,752	2,276
Restricted funds:		
Endowment funds	471	757
Other restricted income funds	1,376	9,781
	11,599	**12,814**

Unrestricted income funds are accumulated income funds that are expendable at the discretion of the trustees in furtherance of the charity's objects. Unrestricted funds may be earmarked or designated for specific future purposes which reduce the amount that is readily available to the charity.

Restricted funds may be accumulated income funds which are expendable at the trustee's discretion only in furtherance of the specified conditions of the donor and the objects of the charity. They may also be capital funds (e.g. endowments) where the assets are required to be invested, or retained for use rather than expended.

Note 28 Inventories

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
Drugs	3,751	2,951	2,907	2,085
Consumables	6,707	6,400	6,707	6,400
Total inventories	**10,458**	**9,351**	**9,614**	**8,485**
of which:				
Held at fair value less costs to sell	-	-	-	-

Inventories recognised in expenses for the year were £120,543k (2018/19: £119,775k). Write-down of inventories recognised as expenses for the year were £197k (2018/19: £81k).

The write down of inventories relates to primarily to expired and damaged drugs.

Note 29 Receivables

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
Current				
Contract receivables	42,612	39,988	43,438	39,759
Capital receivables	1,395	-	1,395	-
Allowance for impaired contract receivables / assets	(4,162)	(4,546)	(4,162)	(4,546)
Deposits and advances	58	39	58	39
Prepayments (non-PFI)	3,335	3,887	3,335	3,887
PDC dividend receivable	-	181	-	181
VAT receivable	1,701	1,806	1,102	1,806
Other receivables	29	586	-	586
NHS charitable funds receivables	21	291	-	-
Total current receivables	**44,989**	**42,232**	**45,166**	**41,712**
Non-current				
Contract assets	3,479	3,440	3,477	3,440
Prepayments (non-PFI)	306	641	306	641
Other receivables	1,562	-	1,562	-
Total non-current receivables	**5,347**	**4,081**	**5,345**	**4,081**
Of which receivable from NHS and DHSC group bodies:				
Current	31,507	20,709	31,528	20,709
Non-current	1,562	-	1,562	-

Note 29.1 Allowances for credit losses – 2019/20

	Group	
	Contract receivables and contract assets	All other receivables
	£000	£000
Allowances as at 1 Apr 2019 - brought forward	**4,546**	**-**
Changes in existing allowances	(384)	-
Allowances as at 31 Mar 2020	**4,162**	**-**

Note 29.2 Allowances for credit losses - 2018/19

	Group	
	Contract receivables and contract assets	All other receivables
	£000	£000
Allowances as at 1 Apr 2018 - as previously stated	**-**	**4,748**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	4,748	(4,748)
Changes in existing allowances	(57)	-
Utilisation of allowances (write offs)	(145)	-
Allowances as at 31 Mar 2019	**4,546**	**-**

Note 29.3 Exposure to credit risk

In accordance with IFRS 9, the Group is required to measure the loss allowance of lifetime expected credit losses at initial recognition of the debt being raised.

The expected credit loss is only applied to Non NHS debt. NHS organisations are excluded from the calculation as NHS transactions are considered to be part of DHSC group accounts eliminated on consolidation.

The Group has used the ageing profile to assess the level of risk. The percentages applied to each class derives from both historic data accumulated as well as current and future projections.

Note 30 Other assets

As at 31 March 2020 the Trust did not hold any other assets (31 March 2019, nil)

Note 31 Non-current assets held for sale and assets in disposal groups

As at 31 March 2020, the Group did not hold any assets for sale or in a disposal group (31 March 2019, nil).

Note 31.1 Liabilities in disposal groups

As at 31 March 2020, the Group did not have any liabilities in disposal groups (31 March 2019, nil)

Note 32 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	Group		Trust	
	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000
At 1 April	**8,282**	**16,622**	**6,908**	**15,872**
Net change in year	(146)	(8,340)	**393**	(8,964)
At 31 March	**8,136**	**8,282**	**7,301**	**6,908**
Broken down into:				
Cash at commercial banks and in hand	129	110	4	3
Cash with the Government Banking Service	8,007	8,172	7,297	6,905
Total cash and cash equivalents as in SoFP	**8,136**	**8,282**	**7,301**	**6,908**
Total cash and cash equivalents as in SoCF	**8,136**	**8,282**	**7,301**	**6,908**

Note 32.1 Third party assets held by the Trust

Where the Group held cash and cash equivalents which relate to monies held by the Group on behalf of patients or other parties, these are excluded from the cash and cash equivalents figure reported in the accounts. £1,208 was held on behalf of patients as at 31 March 2020 (31 March 2019, £510).

Note 33 Trade and other payables

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
Current				
Trade payables	15,308	14,456	16,956	13,732
Capital payables	10,869	16,192	10,869	16,192
Accruals	18,859	17,662	17,676	17,662
Social security costs	9,848	9,252	9,821	9,252
Other taxes payable	3,867	3,625	3,648	3,625
PDC dividend payable	164	-	164	-
Other payables	464	170	449	170
NHS charitable funds: trade and other payables	155	341	-	-
Total current trade and other payables	**59,534**	**61,698**	**59,583**	**60,633**
Of which payables from NHS and DHSC group bodies:				
Current	7,799	6,864	7,799	6,864

Note 33.1 Early retirements in NHS payables above

The payables note above does not include amounts in relation to early retirements.

Note 34 Other liabilities

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
Current				
Deferred income: contract liabilities	156	147	147	147
Other deferred income	1,546	1,146	1,555	1,146
Total other current liabilities	**1,702**	**1,293**	**1,702**	**1,293**

Note 35 Borrowings

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
Current				
Loans from DHSC	298,206	58,960	298,206	58,960
Obligations under PFI, LIFT or other service concession contracts (excl. lifecycle)	1,861	1,340	1,861	1,340
Total current borrowings	**300,067**	**60,300**	**300,067**	**60,300**
Non-current				
Loans from DHSC	39,736	240,751	39,736	240,751
Obligations under PFI, LIFT or other service concession contracts	26,128	27,989	26,128	27,989
Total non-current borrowings	**65,864**	**268,740**	**65,864**	**268,740**

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 £293,435k 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.

Note 35.1 Reconciliation of liabilities arising from financing activities

Group - 2019/20	Loans from DHSC	PFI and LIFT schemes	Total
	£000	£000	£000
Carrying value at 1 April 2019	**299,711**	**29,329**	**329,040**
Cash movements:			
Financing cash flows - payments and receipts of principal	38,225	(1,341)	**36,884**
Financing cash flows - payments of interest	(9,857)	(1,580)	**(11,437)**
Non-cash movements:			
Application of effective interest rate	9,863	1,581	**11,444**
Carrying value at 31 March 2020	**337,942**	**27,989**	**365,931**

Group - 2018/19	Loans from DHSC	PFI and LIFT schemes	Total
	£000	£000	£000
Carrying value at 1 April 2018	**237,052**	**29,872**	**266,924**
Cash movements:			
Financing cash flows - payments and receipts of principal	60,913	(541)	**60,372**
Financing cash flows - payments of interest	(9,112)	(1,624)	**(10,736)**
Non-cash movements:			
Impact of implementing IFRS 9 on 1 April 2018	1,529	-	**1,529**
Application of effective interest rate	9,329	1,622	**10,951**
Carrying value at 31 March 2019	**299,711**	**29,329**	**329,040**

The Table above reflects the liabilities arising from financing activities for the Brighton and Sussex University Hospitals NHS Trust alone which draws down loans from DHSC and has taken out the PFI transaction.

Note 36 Finance leases

As at 31 March 2020 the Group did not have any Finance Leases (31 March 2019, nil)

Note 37 Provisions for liabilities and charges analysis (Group)

Group	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000
At 1 April 2019	**1,685**	**317**	**313**	**2,315**
Change in the discount rate	**127**	**-**	**-**	**127**
Arising during the year	**-**	**-**	**1,622**	**1,622**
Utilised during the year	(98)	-	(14)	**(112)**
Unwinding of discount	**300**	**-**	**-**	**300**
At 31 March 2020	**2,014**	**317**	**1,921**	**4,252**
Expected timing of cash flows:				
- not later than one year;	101	-	**-**	**101**
- later than one year and not later than five years;	408	317	**359**	**1,084**
- later than five years.	1,505	-	**1,562**	**3,067**
Total	**2,014**	**317**	**1,921**	**4,252**

The provision for Injury Benefits is for the reimbursement of injury benefit allowances to the NHS Pensions Agency and the timing of these payments is based the on age of the recipients.

The provision for Legal Claims provides for the Liability to Third Party Schemes (LTPS) and Public & Employers Liability Scheme (PES). This provision covers the excess amount payable by the Trust and not the full liability of claims which is covered by NHS Resolution under the non-clinical risk pooling scheme. The timings of the cash flows are based on estimated dates for the finalisation of the claims. 1 case is not covered by NHS Resolution.

Clinicians who are members of the NHS Pension Scheme and who as a result of work undertaken in this tax year (2019/20) face a tax charge in respect of the growth of their NHS pension benefits above their pension savings annual allowance threshold will be able to have this charge paid by the NHS Pension Scheme (by completing and returning a ‘Scheme Pays’ form before 31 July 2021). The Trust estimates that all consultants will take advantage of this offer. NHS England has used information provided by the Government Actuaries Department and NHS Business Services Authority to calculate an ‘average discounted value per nomination’. A provision broadly equal to the tax charge owed by clinicians who want to take advantage of the 2019/20 Commitment. This will be offset by the commitment from NHS England and the Government to fund the payments to clinicians as and when they arise. This has been disclosed under other provisions. This totals £1,562k.

Note 37.1 Provisions for liabilities and charges analysis (Trust)

Trust	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000
At 1 April 2019	**1,685**	**317**	**290**	**2,292**
Change in the discount rate	127	-		**127**
Arising during the year	-	-	1,622	**1,622**
Utilised during the year	(98)	-	-	**(98)**
Unwinding of discount	300	-	-	**300**
At 31 March 2020	**2,014**	**317**	**1,912**	**4,243**
Expected timing of cash flows:				
- not later than one year;	101	-	-	**101**
- later than one year and not later than five years;	408	317	350	**1,075**
- later than five years.	1,505	-	1,562	**3,067**
Total	**2,014**	**317**	**1,912**	**4,243**

The provision for Injury Benefits is for the reimbursement of injury benefit allowances to the NHS Pensions Agency and the timing of these payments is based the on age of the recipients.

The provision for Legal Claims provides for the Liability to Third Party Schemes (LTPS) and Public & Employers Liability Scheme (PES). This provision covers the excess amount payable by the Trust and not the full liability of claims which is covered by NHS Resolution under the non-clinical risk pooling scheme. The timings of the cash flows are based on estimated dates for the finalisation of the claims. 1 case is not covered by NHS Resolution.

Clinicians who are members of the NHS Pension Scheme and who as a result of work undertaken in this tax year (2019/20) face a tax charge in respect of the growth of their NHS pension benefits above their pension savings annual allowance threshold will be able to have this charge paid by the NHS Pension Scheme (by completing and returning a 'Scheme Pays' form before 31 July 2021). The Trust estimates that all consultants will take advantage of this offer. NHS England has used information provided by the Government Actuaries Department and NHS Business Services Authority to calculate an 'average discounted value per nomination'. A provision broadly equal to the tax charge owed by clinicians who want to take advantage of the 2019/20 Commitment. This will be offset by the commitment from NHS England and the Government to fund the payments to clinicians as and when they arise. This has been disclosed under other provisions. This totals £1,562k.

Note 37.2 Clinical negligence liabilities

At 31 March 2020, £291,697k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Brighton and Sussex University Hospitals NHS Trust (31 March 2019: £305,530k).

Note 38 Contingent assets and liabilities

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
Value of contingent liabilities				
NHS Resolution legal claims	(68)	(71)	(68)	(71)
Gross value of contingent liabilities	**(68)**	**(71)**	**(68)**	**(71)**
Net value of contingent liabilities	**(68)**	**(71)**	**(68)**	**(71)**
Net value of contingent assets	**-**	**-**	**-**	**-**

The contingent liability for Legal Claims represents the Liability to Third Party Schemes (LTPS) and Public & Employers Liability Scheme (PES) notified to the Trust by NHS Resolution. The timings of the cash flows are based on estimated dates for the finalisation of the claims.

Note 39 Contractual capital commitments

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
Property, plant and equipment	137,675	210,069	137,675	210,069
Total	**137,675**	**210,069**	**137,675**	**210,069**

Note 40 Other financial commitments

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
not later than 1 year	393	393	393	393
after 1 year and not later than 5 years	1,571	1,571	1,571	1,571
paid thereafter	785	1,178	785	1,178
Total	**2,749**	**3,142**	**2,749**	**3,142**

The Group / Trust is committed to making payments under non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangement), analysed by the period during which the payment is made:

Note 41 On-SoFP PFI arrangements

PFI scheme details

Valuation of PFI as at 31 March 2020	£34,722k
Contract start date	10-Jun-04
Contract end date	08-Jun-34
Length of project	30 years

The PFI Scheme relates to the Royal Alexandra Children's Hospital. The Trust is entitled to provide healthcare services within the facility for the period of the PFI arrangement. The contract contains payment mechanisms providing for deductions in the unitary payment made by the Trust for poor performance and unavailability. The unitary charge for the scheme is subject to an annual uplift for future price increases. The operator Kajima is responsible for providing a managed maintenance service for the length of the contract, after such time these responsibilities revert to the Trust. During the reported period there were no changes to the contractual arrangements of the scheme.

Note 41.1 On-SoFP PFI arrangement obligations

The following are obligations in respect of the finance lease element of on-Statement of Financial Position PFI schemes:

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
Gross PFI, LIFT or other service concession liabilities	**39,982**	**42,903**	**39,982**	**42,903**
Of which liabilities are due				
- not later than one year;	3,362	2,922	3,362	2,922
- later than one year and not later than five years;	12,313	13,253	12,313	13,253
- later than five years.	24,307	26,728	24,307	26,728
Finance charges allocated to future periods	(11,993)	(13,574)	(11,993)	(13,574)
Net PFI, LIFT or other service concession arrangement obligation	**27,989**	**29,329**	**27,989**	**29,329**
- not later than one year;	1,861	1,340	1,861	1,340
- later than one year and not later than five years;	7,339	7,858	7,339	7,858
- later than five years.	18,789	20,131	18,789	20,131

Note 41.2 Total on-SoFP PFI arrangement commitments

Total future commitments under these on-SoFP schemes are as follows:

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	**100,722**	**106,566**	**100,722**	**106,566**
Of which payments are due:				
- not later than one year;	5,991	5,844	5,991	5,844
- later than one year and not later than five years;	25,498	24,876	25,498	24,876
- later than five years.	69,233	75,846	69,233	75,846

Note 41.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	Group		Trust	
	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000
Unitary payment payable to service concession operator	**6,119**	**5,975**	**6,119**	**5,975**
Consisting of:				
- Interest charge	1,581	1,622	1,581	1,622
- Repayment of balance sheet obligation	1,341	541	1,341	541
- Service element and other charges to operating expenditure	1,014	1,215	1,014	1,215
- Capital lifecycle maintenance	990	1,922	990	1,922
- Contingent rent	1,193	675	1,193	675
Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment	37	-	37	-
Total amount paid to service concession operator	**6,156**	**5,975**	**6,156**	**5,975**

Note 42 Financial instruments

Note 42.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with commissioners and the way those commissioners are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and

liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. The Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Interest rate risk

The Trust borrows from government for capital expenditure, subject to capital schemes supported by DHSC and NHSI. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

The Trust may also borrow from government for revenue financing subject to approval by NHS England and Improvement. Interest rates are confirmed by the Department of Health and Social Care (the lender) at the point borrowing is undertaken.

The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. Amounts due from DHSC healthcare providers is underwritten by DHSC thereby reducing the exposure to credit risk.

Liquidity risk

The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups and NHS England, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from internally generated resources and any exceptional capital schemes are supported by loans and public dividend capital issued by DHSC. The Trust is not, therefore, exposed to significant liquidity risks.

Note 42.2 Carrying values of financial assets (Group)

Carrying values of financial assets as at 31 March 2020	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	44,915	-	-	**44,915**
Cash and cash equivalents	8,011	-	-	**8,011**
Consolidated NHS Charitable fund financial assets	146	11,608	-	**11,754**
Total at 31 March 2020	**53,072**	**11,608**	**-**	**64,680**

Carrying values of financial assets as at 31 March 2019	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	39,466	-	-	**39,466**
Cash and cash equivalents	8,175	-	-	**8,175**
Consolidated NHS Charitable fund financial assets	398	12,757	-	**13,155**
Total at 31 March 2019	**48,039**	**12,757**	**-**	**60,796**

Note 42.3 Carrying values of financial assets (Trust)

Carrying values of financial assets as at 31 March 2020	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	45,679	-	-	**45,679**
Other investments / financial assets	-	-	1,101	**1,101**
Cash and cash equivalents	7,301	-	-	**7,301**
Total at 31 March 2020	**52,980**	**-**	**1,101**	**54,081**

Carrying values of financial assets as at 31 March 2019	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	39,466	-	-	**39,466**
Other investments / financial assets	-	-	1,101	**1,101**
Cash and cash equivalents	8,175	-	-	**8,175**
Total at 31 March 2019	**47,641**	**-**	**1,101**	**48,742**

Note 42.4 Carrying values of financial liabilities (Group)

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	337,942	-	**337,942**
Obligations under PFI, LIFT and other service concessions	27,989	-	**27,989**
Trade and other payables excluding non financial liabilities	45,500	-	**45,500**
Total at 31 March 2020	**411,431**	**-**	**411,431**

Carrying values of financial liabilities as at 31 March 2019	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	299,711	-	**299,711**
Obligations under PFI, LIFT and other service concessions	29,329	-	**29,329**
Trade and other payables excluding non financial liabilities	48,480	-	**48,480**
Total at 31 March 2019	**377,520**	**-**	**377,520**

Note 42.5 Carrying values of financial liabilities (Trust)

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	337,942	-	**337,942**
Obligations under PFI, LIFT and other service concessions	27,989	-	**27,989**
Trade and other payables excluding non financial liabilities	45,950	-	**45,950**
Total at 31 March 2020	**411,881**	**-**	**411,881**

Carrying values of financial liabilities as at 31 March 2019	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	299,711	-	**299,711**
Obligations under PFI, LIFT and other service concessions	29,329	-	**29,329**
Trade and other payables excluding non financial liabilities	48,480	-	**48,480**
Total at 31 March 2019	**377,520**	**-**	**377,520**

Note 42.6 Fair values of financial assets and liabilities

The fair value for obligations under PFI contracts as at 31 March 2020 is £34,722k (31 March 2019, £30,690k)

Note 42.7 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	345,567	108,780	346,017	108,780
In more than one year but not more than two years	1,856	65,702	1,856	65,702
In more than two years but not more than five years	5,483	64,191	5,483	64,191
In more than five years	58,525	138,847	58,525	138,847
Total	**411,431**	**377,520**	**411,881**	**377,520**

Note 43 Losses and special payments

	2019/20		2018/19	
Group and trust	**Total number of cases**	**Total value of cases**	**Total number of cases**	**Total value of cases**
	Number	**£000**	**Number**	**£000**
Losses				
Cash losses	-	-	1	-
Bad debts and claims abandoned	-	-	129	145
Stores losses and damage to property	4	197	4	81
Total losses	**4**	**197**	**134**	**226**
Special payments				
Ex-gratia payments	52	17	55	16
Total special payments	**52**	**17**	**55**	**16**
Total losses and special payments	**56**	**214**	**189**	**242**
Compensation payments received		-		-

The losses relate to Brighton and Sussex University Hospitals NHS Trust alone

Note 44 Gifts

As at 31 March 2020 no gifts were made exceeding £300k (31 March 2019, nil).

Note 45 Related parties

There were no related party transactions with individuals reported during the year.

The Department of Health is regarded as a related party. During the year the Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. For example:

NHS England
Health Education England
Brighton & Hove City CCG
Coastal West Sussex CCG
Crawley CCG
Eastbourne Hailsham & Seaford CCG
High Weald Lewes & Haven CCG
Horsham & Mid Sussex CCG
East Sussex Healthcare NHS Trust
Western Sussex Hospitals NHS FT

The Trust entered into a management contract with Western Sussex Hospitals NHS Foundation Trust from 1 April 2017. The Executive Team and Chairman of Western Sussex Hospitals NHS Foundation Trust are also the Executive Team and Chairman of the Trust.

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with Brighton and Hove City Council, East Sussex County Council and West Sussex Council in respect of clinical services.

Jon Furmston is an Associate Non-Executive Director for the Trust and is also a Director of Openreach Limited, a subsidiary of BT Group plc. The Trust spent £134k with BT Group companies in 2019-20 (£376k 2018-19).

Note 46 Events after the reporting date

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 £295,069k as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.

Note 47 Better Payment Practice code

Non-NHS Payables	2019/20 Number	2019/20 £000	2018/19 Number	2018/19 £000
Total non-NHS trade invoices paid in the year	189,072	507,758	151,501	491,077
Total non-NHS trade invoices paid within target	113,273	341,970	100,508	348,773
Percentage of non-NHS trade invoices paid within target	59.9%	67.3%	66.3%	71.0%
NHS Payables				
Total NHS trade invoices paid in the year	3,338	38,006	2,839	45,980
Total NHS trade invoices paid within target	1,496	25,815	1,514	31,911
Percentage of NHS trade invoices paid within target	44.8%	67.9%	53.3%	69.4%

The Better Payment Practice code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of valid invoice, whichever is later.

Note 48 External financing

The Trust is given an external financing limit against which it is permitted to underspend

	2019/20 £000	2018/19 £000
Cash flow financing	110,404	134,997
External financing requirement	**110,404**	**134,997**
External financing limit (EFL)	126,065	138,379
Under spend against EFL	**15,661**	**3,382**

Note 49 Capital Resource Limit

	2019/20 £000	2018/19 £000
Gross capital expenditure	101,194	105,444
Less: Disposals	(1)	-
additions	(980)	(1,853)
Charge against Capital Resource Limit	**100,213**	**103,591**
Capital Resource Limit	110,441	110,201
Under spend against CRL	**10,228**	**6,610**

Note 50 Breakeven duty financial performance

	2019/20 £000
Adjusted financial performance deficit (control total basis)	(24,311)
Add back income for impact of 2018/19 post-accounts PSF reallocation	610
Breakeven duty financial performance deficit	**(23,701)**

Note 51 Breakeven duty rolling assessment

	1997/98 to 2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000
Breakeven duty in-year financial performance		10,227	4,512	42	3,325	5,114
Breakeven duty cumulative position	(17,834)	(7,607)	(3,095)	(3,053)	272	5,386
Operating income		415,950	439,750	574,218	606,074	558,555
Cumulative breakeven position as a percentage of operating income		(1.8%)	(0.7%)	(0.5%)	0.0%	1.0%

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Breakeven duty in-year financial performance	(450)	(44,819)	(68,501)	(55,558)	(50,804)	(23,701)
Breakeven duty cumulative position	4,936	(39,883)	(108,384)	(163,942)	(214,746)	(238,447)
Operating income	520,765	529,475	550,369	563,153	587,328	655,519
Cumulative breakeven position as a percentage of operating income	0.9%	(7.5%)	(19.7%)	(29.1%)	(36.6%)	(36.4%)

Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, the Trust's financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to IFRIC 12 schemes (which would include PFI schemes), which has no cash impact and is not chargeable for overall budgeting purposes, is excluded when measuring Breakeven