NHS
Central and
North West London
NHS Foundation Trust

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Annual Report and Accounts 2019-20

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

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Overview of performance

Chair and Chief Executive's statement

We are writing this overview of the past year while still faced with the effects of the Coronavirus pandemic.

Lockdown may have been eased, but the effects are still with us and will be for a long time.

We all know that things will never be the same again with all that we've been through – not least those people lost to their families. We will continue to run the crisis response (with capacity to face another possible surge in patients) alongside our existing services. Many of these are changed – we needed to make speedy changes and staff responded well and found their ideas and enthusiasm the driving force behind much of the response – it was truly clinically led, in fact achieving many changes which existing Transformation Programmes had been labouring with. We want to retain much of this and we call this work Recover and Thrive.

And when we think about the people we've lost, including some of our own staff and family members, we quite rightly feel sad, but we must remain proud. There will come a time when we can properly honour them, and we can promise you that they won't be forgotten.

We are immensely proud of our staff and how flexible they have been to make sure that we continue to provide the very best service we can. Many were and continue to be redeployed to front line services other than their primary role.

Examples include redeploying staff to services such as intermediate care services where there has been greater need, creating new teams for the duration of the pandemic.

We have seen and heard stories of administration staff going onto the frontline, alongside doing their normal roles. Thank you from both of us.

The purpose of this overview is to provide a short summary about CNWL's year so readers can understand more about the organisation, its purpose, the key risks to the achievement of its objectives and how it has performed during the year.

But the reader will note that this is a shortened report.

It contains much about everything we do: our performance and targets, our initiatives, our governance processes, ratings, our people, our charity and accounting for every penny we receive and spend.

Due to pressures caused by Covid-19 there is no longer an expectation on the part of NHS England and NHS Improvement for Trusts to create a Quality Account in time for this Annual Report.

All that said we know that we are judged most on the quality of our care and this remains central to everything we have done and will do.

We are a community and mental health provider for the entire lifespan, in physical and mental health and in the space between GPs and hospitals (though we also have 900 beds!).

Even without Coronavirus the last year has been very challenging.

We achieved a huge amount with hard working staff, delivering treatment and care in the most varied of settings. And we would say we set the agenda in many areas as well.

It was also encouraging to see CNWL winning contracts to provide community addictions services in Milton Keynes and to have seen our return to HMYOI Feltham while also retaining community services in Milton Keynes.

It has also been encouraging to see the continuing development through co-production of the Grenfell Health and Wellbeing Service, developed following the terrible Grenfell Tower fire of 14 June 2017.

We are working in partnership to provide integrated models of care with other providers, local authorities and commissioners all over our patch so we reduce the inefficiency of patients moving between different partners. This improves on the quality of the care that is offered and is central to national policy as set out in the Five Year Forward View (2014) and reconfirmed in the Long Term Plan.

I am proud of the progress being made by CNWL in this respect with examples such as Hillingdon Health and Care Partners; the Milton Keynes development

of integration at 'Place' and the varied models across NWL as well as the progress made by our Community Service in Ealing, provided with West London NHS Trust, GP Federations and local authorities. We have also been working on new arrangements for funding services – taking a full part in the development of Provider Collaboratives where providers of care, like CNWL, can have a greater part in managing budgets for service delivery.

We are committed to strengthening our partnership in the three Sustainability Transformation Plans/Integrated Care systems in North West and North Central London and Bedford Luton and Milton Keynes. As we move forward, it will be vital to our recovery from the impact of Covid-19 to work in partnership and across systems to meet demand and eradicate duplication.

Over recent years we have invested in our information systems so that we are able to respond to the new opportunities in our digital world and this has been driven by the pandemic – making working virtually and from home a reality. We have called this programme 'More Time to Care' to remind us that at the centre of this lies our determination that clinical time should not be consumed in bureaucracy. A major part of this programme was bringing mental health and community services together onto the same system – 'SystmOne'.

Last year we referred to our work through the focussed programme of 'Quality Improvement', QI. This is a proven methodology for working with staff and patients to deliver improvements in care. we've been pleased to see the enthusiasm of staff in their own projects.

Another key area of work for us is to improve access to physical health services for people with mental health difficulties. The inequality of life expectancy between this group and the rest of the population is not acceptable and is a priority at national level as well as for us in CNWL – and we are making real progress in providing health checks to all our patients.

We have made great strides with our workforce, including reducing our use of temporary staff to the level set for us.

This is not to say that we are always getting it right; things do go wrong; outcomes are not always achieved and sometimes we fail to meet the high standards we set ourselves. We apologise for them. We like to make sure we learn from what has not gone well, reflecting on what we could have done better so other people can benefit.

The skills of our staff and services continue to be recognised through awards, accreditations and scholarships from prestigious organisations. We thank them for their continued hard work, dedication and achievements.

We also thank all our Governors who whilst formally appointed or elected and all unpaid volunteers; they provide invaluable skilled insight to our work.

Finally, we thank those who are the reason we are here and whose needs must form the very centre of all we do; our patients and their families.

Claire Murdoch CBE
Chief Executive
24 June 2020

Professor Dorothy Griffiths OBE, FCGI
Chair
24 June 2020

Lead Governor's statement

I am honoured to be lead governor of CNWL, but I find myself writing this at a difficult time. The Coronavirus pandemic has taken hold and has claimed the lives of 5 members of staff and one of our Governors, Chandu Shah. We will never forget them and will always honour them. I myself have lost close members of my family so understand personally what such a loss means.

But I also want to commend CNWL for the way it has responded to the system's needs – creating capacity to help the acute sector but also offering services in new ways to reach those who still need the help of the NHS. The staff have been amazing – courageously working on the frontline; they were applauded by the public and I add my own and the Governors' here. Thank you.

There will eventually be a new normal that we will work in and this is what we must look towards.

And as governors, we will work with the Trust in helping it define what the new normal will look like.

Our mission is to understand and communicate the views of our members, and I have always found the Trust to be an organisation that welcomes these views – listens and responds – whether these are views from our new Governors or longer-standing ones.

Our voice is important so that members' views influence the direction of CNWL.

There are a range of events and learning opportunities, including visits to services. We use these opportunities to voice our members' views on how the Trust can improve the quality of healthcare services for those who need them. With the strong input of our Governors, I believe the Trust is able to develop services that meet the needs of the population as well as they do.

First and foremost, we must remember that this is a document that looks back at how CNWL has conducted its responsibilities over the past year.

Governors have been pleased to see the new contracts the Trust has been able to secure over the past year, among them HMYOI Feltham and the new addictions services in Milton Keynes. It's also been good to see the work in Grenfell, which continues to exert a shadow but also shows a better way of working with the community.

I am also pleased to have seen the way in which our community health services have achieved so much and have helped the whole health economy; this type of work is where the future of the NHS lies and the Governors fully support it.

I would like to thank all the Governors for their continued commitment and our Chair, Professor Dorothy Griffiths, who has led the council of governors so effectively this year.

We're listening; if you have any comments, ideas and feedback the governors can, as always, be contacted at: governors.cnwl@nhs.net

Councillor Ketan Sheth
Lead Governor

Strategic report

A brief history of CNWL and its statutory background

2002

Central and North West London NHS Mental Health Trust was formed, following a merger of three mental health trusts covering the London boroughs of Brent, Kensington and Chelsea, Westminster and Harrow, and addiction services in West London.

2007

CNWL became a Foundation Trust in 2007 – Central and North West London NHS Foundation Trust. In the same year, Hillingdon Child, Family and Adolescent Consultation Service joined the Trust.

2009

Enfield Learning Disability Services joined CNWL.

2010

CNWL took on primary care, mental health and substance misuse services within a range of prison services.

2011

CNWL integrated with community health services in Hillingdon and Camden including sexual health services in Camden.

2013

CNWL integrated with Milton Keynes community and mental health services (April).

2016

Community Independence Service joined CNWL.

2017

CNWL rated as 'Good' by the CQC.

2018

CNWL returns to Hounslow to provide addictions services, after a four-year absence

2019

Ealing CCG confirms that West London Trust, in partnership with CNWL, has been awarded the contract to deliver its single contract for community -based services within the borough. Services to start from June 2019.

2020

CNWL takes on a new addictions service in Milton Keynes and the health service at HMYOI Feltham.

Who we are

CNWL is a large community facing Trust, caring for people with a wide range of physical and mental health needs in a variety of settings (hospitals, clinics, schools, homes, prisons) for every age. We are the eighth largest provider of mental health and community care in England, rated by income.

We also provide specialised services to communities outside those areas.

We are rated as overall 'Good' by the CQC with outstanding services in Learning Disability and Sexual Health; we are outstanding for 'caring'.

We have nearly 7,000 staff providing a range of mental health, community, learning disability, substance misuse, sexual health, dentistry and specialised services to a population of around three million in the South East of England, including in North West London, Surrey, Kent, Milton Keynes and Buckinghamshire, treating around 300,000 people either in the community or as inpatients.

This means there are very different levels of wealth and deprivation in CNWL's patch, which we must consider in designing services with local people.

CNWL's services are mainly within three of the 44 regional Sustainability and Transformation Programmes (STPs) for England. STPs are catchments or 'footprints' within which all the health and social care community needs to work together with shared objectives and shared financial goals.

Key issues and risks

These are identified in our corporate risk register – the highest level register of the Trust and it encompasses risk in delivering our objectives. For each of these, we have plans to manage the risk.

Area	Risk	Managing the risk
Covid-19	The anticipated spread of the Covid-19 virus will place unprecedented pressure on services in a number of ways • Reduction in availability of staff due to sickness, self-isolation or caring responsibilities • Staff anxiety and wellbeing during unprecedented period heighted activity and personal impact of loss of family members/colleagues • Risk to PPE supply chain • Potential for virus to spread within inpatient facilities • Access to testing for patients and staff • Additional pressure and call on capacity of the IPC team across the Trust • Additional pressure within the health service for acute beds requiring more patients to be treated at home • Increase in MH referrals due to increasing levels of anxiety • Increase pressure on staff both professionally and personally • Likelihood that the Trust will not be able to maintain current levels of provision across all services and will need to prioritise critical services	• Incident control room in operation 7 days a week • Gold command established • Named Executive Lead in place • Daily contact with sector • Critical services identified for prioritisation • Logistic's operation established to manage PPE across the Trust • Staff testing infrastructure established to oversee and coordinate • Major meetings cancelled/postponed • Daily calls in place with all STP areas to ensure joined up response across the system • Enhanced infection control measures in place to protects vulnerable patients and staff • Additional costs being identified so these may be recouped • Daily staff cascade of information in place with dedicated website page to sign-post staff • Regular briefings by senior team across the Trust

Area	Risk	Managing the risk
Financial Health and Viability	• A block funding mechanism is in place for 4 months as part of the response to Covid-19, with reimbursement of reasonable additional costs in relation to the pandemic. The Trust has created new service models as part of its response. Beyond this period the Trust needs to develop a sustainable service model which will result in a new cost base for the organisation with associated funding streams. • Income from Sexual Health Services and other income from non-commissioned services are affected by COVID. The ability to quickly identify and make resultant changes to the cost of services impacted is a priority. • Managing cash flows is also a priority given the changes in funding arrangements and the uncertainty of non-NHS income. • The Trust needs to ensure it is capturing all Covid-19 related costs for reimbursement in a timely manner • Capital is and will continue to be severely limited • Risk that insufficient financial management or control or of a lack of understanding of the cost of the service model will see the trust unable to deliver against plan.	• Regular Finance and Savings Group meeting • Ongoing monthly monitoring to Divisional Boards, Finance Savings Group, Executive Board and Finance Committee • Trust committed to collaborating in development of clinical pathways across the system
Maintaining and Improving Quality of Services	• Risk to standards of patient care if services do not maintain and embed quality to the level of the current CQC quality standards • Delivering quality in an era of continued financial restraint depends on frontline ownership of quality and putting quality on an equal footing as performance targets	• Focus Quality Improvement (QI) capability on significant quality risks • CMHT transformation programme • Community Health Care Delivery Board to oversee quality improvements across CHS and delivery of strategy • Roadshows to discuss duty to speak up in place and updated self-assessment completed. Strategy due to go to November 2020 Board • Development of Quality Dashboard • Improved monitoring of feedback and soft intelligence

Area	Risk	Managing the risk
Recruiting and retaining engaged high quality staff	• The Trust must ensure that it has the right workforce for the future. Learning from Covid-19 has helped us think differently about bring staff in from different sectors into different roles and this needs to be part of sustainability going forward. Likewise staff have been flexible between services and this needs to be maximised going forward. • Variation in staff reported morale • Negative impact of Brexit on EU citizens working in the NHS (9.4% of CNWL staff are EU citizens; a BMA survey indicated that circa 1 in 5 NHS doctors have strong plans to leave. However this was prior to the agreement in Dec. that indicates that EU citizens living lawfully here before the UK's exit from the EU will be able to stay)	• More opportunity at an ICS level for development of people strategies. • Workforce Committee established • Committee will monitor development of People Plan to match aspiration of the Trust and wider health economy
Failure to deliver effective ICT/digital innovations which support our workforce to deliver safe and effective services	• Requirement to ensure optimisation of the clinical system for community health and mental health services to support front-line operations • Need to deliver interoperability our partners as part of integrated working, (including those boroughs where primary care use EMIS as the core clinical record) • Need to ensure a responsive, effective and affordable service across our outsourced digital contract with equipment which is 'fit for purpose' for our workforce • Need to ensure an effective telephony system across the Trust • Requirement to develop a strategy to support a variety of digital solutions to improve safety for our patients and 'release time to care' for our front-line staff in line with commitments in the Long Term Plan and People Plan	• Business case for all ICT procurements to be presented to Executive Board with clear measures for benefits and a process for assessment • KPIs for new digital contract reported monthly to executive board and will include feedback from front-line staff on experience during Q1 2020. • Production of Digital Strategy • Telephony review to be reported back by February 2020

Area	Risk	Managing the risk
Ensuring clear governance and maintaining CNWL's position in a developing health environment in the context of COVID	• CNWL has committed to engage with partnership models wherever they can be seen to deliver better patient care • There is a strong expectation post Covid-19 that governance will be more system led and there may therefore be a challenge to the sovereignty of Foundation Trusts • The mechanisms adopted by some of the partnership agencies are complex and the capacity to attend meetings vs risk of CNWL being excluded from new partnerships • The primary legal responsibilities of the Trust stem from its incorporation as a Foundation Trust. Each new partnership will have bespoke governance arrangements which will all align with CNWL's existing legal responsibilities • Post Covid-19 there needs to be further emphasis on maintaining close working with Local authorities and service users	• CNWL well engaged with partners for instance lead commissioner for new Models of Care Eating disorder and review of NWL MH spend with West London MH Trust

Accountability report

This section of the Annual Report provides details on the Trust's activities during 2019 to 2020.

Directors' report

The Directors present their report and audited financial statement for the year to 31 March 2020. The Directors are responsible for preparing the Annual Report and Accounts, and consider the report, taken as a whole, to be a fair, balanced and understandable account of the performance of the organisation during the year 2019-20. The information within this report provides details for our stakeholders on the Trust's performance business model and strategy.

Principal activities

The Trust's principal activity is the provision of mental health, community, substance misuse, and learning disability services to patients.

Business review

The NHS Foundation Trust's activities are reviewed in:

1. The Chair and Chief Executive's Statement on page 6
2. The Annual Governance Statement on page 47
3. The accounts on page 55. In addition to this, other information relevant to the Trust's activities is set out in the other sections of this document.

Political donations

The Trust has not made any political donations this year.

Better Payment Practice Code

The Non NHS Trade Creditor Payment Policy of the NHS is to comply with both the CBI Prompt Payment Code and the Government Accounting Rules. The Government Accounting Rules state:

"The timing of payment should normally be stated in the contract. When there is no contractual provision, departments should pay within 30 days of receipt of goods and services or on the presentation of a valid invoice, whichever is the later.

During the financial year 2019-20, the Trust achieved an average of 75% (prior year 48%) by number of invoices and 77% (prior year64%) by value of all NHS invoices. For non-NHS, the Trust achieved an average of 60% (prior year 58%) by number of invoices and 73% (prior year 71%) by value."

Late Payment of Commercial Debts (Interest) Act 1998

During the financial year, the Trust paid £20k (prior year nil) of interest under the late payment of commercial debt.

Costing information returns

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

Enhanced quality governance reporting

The Trust has had regard to Monitor's quality governance framework in reviewing its own systems and processes and is clear that quality of service delivery underpins all discussions and decisions taken within the Trust. The Assurance Framework sets out internal and external sources of assurance and identifies the responsibilities of the Board and its committees for reviewing that assurance.

The CQC published a report rating the Trust as 'Good' in June 2019. They undertook a well led inspection in 2019 with the outcome of 'Good'.

Disclosure of information to auditors

As far as each of the Directors is aware, there is no relevant audit information of which the auditors are unaware. Each Director has taken all the steps a Director ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of such information. For more on our auditors turn to page 20.

Income disclosures

The Trust receives most of its income from clinical commissioning groups and NHS England for patient care activities. It also receives monies for the education and training of clinical staff, research and development and from the sale of manufactured pharmacy products.

The Trust has met section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) which requires that the income from the provision of goods and services for the purpose of the health service in England must be greater than its income from the provision of goods and services for any other purposes.

The income the Trust receives from the provision of goods and services for any other purposes is generated from capacity within the organisation; such work is not given priority over NHS work. Income from such activities are undertaken only where they can demonstrate a positive impact for the Trust, such as a financial contribution to the Trust which can be invested for the purposes of healthcare, or as part of a wider clinical benefit analysis.

How we are organised

Board of Directors

The Board of Directors is chaired by Professor Dorothy Griffiths OBE who also chairs the Council of Governors.

Meetings are held every two months and are open to the public. A quorum of two thirds is needed for the meeting to take place.

Decisions taken by the Board

The Board is responsible for all key strategic decisions.

It has established a number of committees with clear terms of reference and levels of delegation to undertake detailed review of areas of Trust business. Currently these are:

- Audit Committee
- Finance and Performance Committee
- Executive Board
- Investment Committee
- Nominations Committee
- Quality Committee
- Workforce Committee

Decisions delegated to management

The Executive Directors are responsible for the day-to-day running of the organisation and implementing decisions taken at a strategic level by the Board.

Board of Directors' balance

The Board has carefully considered its composition and currently has seven Executive Directors including the Chief Executive, and eight Non Executive Directors including the Chair . The Board will review its composition regularly and believes that this current composition reflects the skills and competencies required for the Trust to fulfil its obligations.

Performance evaluation of the Board of Directors

The Board of Directors has a systematic approach to assessing its collective performance including annual away days to consider its own performance and to set strategic objectives for the Board throughout the coming year. The Board also carries out self-evaluations at the conclusion of each Board meeting, when it decides how to structure its future agenda and ensure the most important items are given the time they deserve. The Committees follow a similar process.

The Chair is appraised annually through a process approved by the Council of Governors. The process requires independent input from each director, which is then considered by the Governors. The process does not require Non Executive Directors to meet separately without the Chair.

Process for appointment of Chair and Non Executive Directors

The Nominations Committee of the Board meets to discuss potential vacancies and to determine the skills and experience most valuable to the Board. The Appointments Committee of the Council of Governors receives these considerations and decides on the job description, recruitment and appointment process.

Process for termination of Chair and Non Executive Directors

The Council of Governors at a general meeting of the Council of Governors can remove the Chair of the Trust and the other Non Executive Directors. Removal of the Chair or another Non Executive Director shall require the approval of three-quarters of the Members of the Council of Governors.

Criteria of Independent Directors

All Non Executive Directors are considered by the Council of Governors to fulfil the criteria of Independent Director.

Conditions of service for Non Executive Directors

The length of appointments of the Non Executive Directors is three years. Appointments beyond two terms can be agreed by the Council of Governors where it is in the best interests of the efficient and effective management of the Trust. Terms of office may be ended by resolution of the Council of Governors following a procedure laid down in the Foundation Trust's constitution.

Conditions of service for Executive Directors

No Executive Director serves as a Non Executive Director in any other organisation.

Executive Directors

The Executive Directors are full-time employees of the Trust and are the most senior managers responsible for its day-to-day running. They decide the future strategy and direction of the Trust, are accountable to independent regulators, and are responsible for ensuring clinical and corporate effectiveness.

Every NHS [Trust Board] must include a medical doctor and a nurse at executive level. Each Executive Director has their own area of responsibility.

Claire Murdoch CBE
Chief Executive

Appointed: 2007

Qualifications: Registered mental health nurse, honours degree in social policy

As Chief Executive, Claire is the head of the organisation with overall responsibility for the performance of the Trust. This includes the Trust's financial performance and the quality and standards of the clinical services. Claire is a registered mental health nurse and has over 20 years NHS experience. She is also National Director for Mental Health at NHS England.

Robyn Doran
Chief Operating Officer

Appointed: 2008

Qualifications: Registered psychiatric nurse, MSc in Change Agent Skills

Robyn joined the Trust in 1988 and is responsible for the day-to-day running of all the Trust's services to ensure the highest standards are achieved. She works closely with clinical commissioning groups (CCGs) (the organisations who pay for our services) to ensure the right services are delivered in each area.

Andy Mattin
Director of Nursing and Quality

Appointed: 2010

Retired: September 2019

Andy joined the NHS in 1983 and the Trust in 2010. He worked alongside Robyn to manage the day-to-day running of the Trust's services. He was the Lead Nurse, which meant he provided leadership for nursing staff, as well as being responsible for the supervision and training of nurses. He also represented the views of service users at the Board of Directors.

Dr Cornelius Kelly
Chief Medical Officer

Appointed: 2015

Dr Kelly qualified in Ireland 30 years ago before moving to train in psychiatry in London. Since joining CNWL in 2001 he has been Clinical Director for Older Adults and Acute Services, Divisional Medical Director and is now the Medical Director for the Trust.

Hardev Virdee
Chief Finance Officer

Appointed: 2016 to November 2019

Hardev was appointed in 2016 after previously being Chief Financial Officer at Wandsworth Clinical Commissioning Group. He was responsible for the financial performance of the Trust. He planned the Trust's finances over a long period to ensure the Trust had enough money to deliver high quality services.

Hannah Witty
Chief Finance Officer

Appointed: February 2020

Hannah has worked in the private sector and qualified as a Chartered Accountant with the National Audit Office. She has a BA (Hons) in English Language and Literature, and is a Fellow of the Institute of Chartered Accountants England and Wales. She is responsible for the financial performance of the Trust.

Maria O'Brien
Chief Nursing Officer

Appointed: September 2019

Maria trained as a Registered Nurse at Guys Hospital in the 1980s with a specialist focus in Cardiac Nursing and Intensive Care. In 2008 she joined the Board of Hillingdon PCT as the Executive Director of Nursing.

Maria joined CNWL in 2011 taking responsibility for community services in Camden in 2012.

Since February 2014, Maria was Divisional Director for Goodall and Deputy Chief Operating Officer prior to becoming CNWL's Chief Nursing Officer.

Non Executive Directors

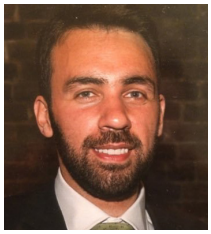
The Non Executive Directors are not employees of the Trust and are not involved in the day-to-day running of CNWL. They provide valuable external insight to scrutinise and challenge the Trust's processes.

Non Executive Directors hold other senior positions outside of the Trust and bring knowledge, experience and expertise from other fields, such as accounting, management and organisations outside of the NHS.

Their responsibilities also include measuring performance against goals, evaluating risk, appointing the senior management, and contributing to the development of the Trust's strategic plans.

Professor Dorothy Griffiths OBE
Chair

Professor Griffiths has been a Non Executive Director of CNWL since 2000. She has degrees in sociology from London and Bath Universities. Prior to joining CNWL, she was Dean of the Imperial College Business School and Professor of Human Resource Management. In 2010 she was awarded an OBE for services to higher education.



Tom Kibasi
Non Executive Director and Deputy Chair

Tom was Director of the Institute for Public Policy Research (IPPR), a leading progressive think-tank with a strong programme of policy development in health.

Prior to joining IPPR, Tom spent more than a decade at McKinsey and Company where he held leadership roles in the healthcare practice in both London and New York. He is an honorary lecturer at Imperial College London, where he has collaborated with Lord Darzi for many years, including on the landmark report High Quality Care for All and Better Health for London, the report of the London Health Commission.

Paul Streets OBE
Non Executive Director

Paul is Chief Executive of the Lloyd's Bank Foundation, an Independent Charity funded by Lloyds Bank. Prior to this role he had a career in the voluntary and public sector, in International development (Sight Savers) Human Rights (Amnesty International) professional and service regulation health and social care. Paul was CEO for Diabetes UK. In 2003 he was awarded an OBE for services to people with Diabetes.

Mike Cooke
Non Executive Director

Mike joined CNWL in 2019 after retiring as Chief Executive of Camden Council where he had been for seven years. He has extensive experience of partnership working across London where he led on children's services and chaired the London Safeguarding Children Board.

He has a special interest in health and care integration and was the local authority lead for north London Sustainability and transformation Partnership. Mike is an HR professional by background and was an HR Director for eight years in the financial services sector.

Michael Nutt
Non Executive Director

Michael has experience in Finance with his previous roles including working for European Investment Bank and as a Non Executive Director for a tourism business in Canada. Michael is an osteopath with a personal interest in mental health and community issues. He has strong accountancy and communication skills and is intellectually able to manage complexity and contribute across a wide spectrum of interests.

David Roberts
Senior Independent Director

David has over 35 years' experience in strategic and financial roles in the private and public sectors.

Prior to joining CNWL, David was head of the Remedies, Business and Financial Analysis division in the Competition Commission and its successor body the Competition and Markets Authority. David also worked for Sainsbury's for 19 years where his roles included Group Treasurer and Director of Corporate Finance. David originally trained as a chartered accountant with Deloitte, Haskins and Sells.

Dr Reva Gudi
Non Executive Director

Dr Reva Gudi has been working as a GP in Hillingdon for over 20 years and is currently Senior Partner at the Pine Medical Centre, Hayes. Prior to joining CNWL, she was also a senior health care commissioner for the borough and Vice chairperson of Hillingdon CCG.

She has been involved in providing health care services to the local population, working with other health and social care organisations, where her focus in particular, has always been delivery of high quality, safe and seamless joined up patient care.

Dr Reva holds an MBA degree from the Warwick University and a certificate qualification in Social Science from the Open University.

Ian Mansfield
Non Executive Director

Ian has over 35 years of commercial, strategic, operational, supply chain and governance experience across the private and third sectors.

Prior to joining CNWL, Ian held many roles with Baker Hughes, an oil services company, including Operations Director, Materials Director and Commercial Director, during which he was responsible for business transformation projects and technology governance.

Until November 2019, he was Chair of Richmond CVS, who provide infrastructure support for all charity, community and voluntary activity in Richmond upon Thames, improving local health and wellbeing, and providing leadership on health related initiatives such as Community Independent Living Services and Social Prescribing.

Non Executives Term of Office

Prof Dorothy Griffiths OBE – 1 January 2023

Tom Kibasi – 1 June 2022

David Roberts – 30 September 2021

Ian Mansfield – 1 October 2021

Michael Nutt – 1 May 2020

Dr Reva Gudi – 1 January 2021

Paul Streets – 30 April 2022

Mike Cooke – 30 April 2022

The Council of Governors at a general meeting of the Council of Governors can remove the Chair of the Trust and the other Non Executive Directors. Removal of the Chair or another Non-Executive Director shall require the approval of three-quarters of the Members of the Council of Governors.

Code of Governance

Central and North West London NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis.

The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

The Board of Directors uses the NHS Foundation Trust Code of Governance as best practice advice to improve governance practices across the Trust. The Trust complies with the code in all aspects but two; the exceptions are that the Executive Directors of the Trust are all on standard employment contracts and they are not entitled to performance-related pay. There is provision for non- pensionable bonus for exceptional performance.

Members of the public can gain access to the register of directors' interests by contacting the Trust Secretary, Christine Baldwinson [on 020 3214 5776] or email Christine.Baldwinson@nhs.net

The Audit Committee

The Audit Committee provides the Board of Directors with an independent review of financial and corporate risk management and governance. With a membership of independent Non Executive Directors, the committee uses independent external and internal audit to provide assurance to the Board. The Committee ensures we have the right policies and procedures in place to ensure good governance and effectiveness.

The members of the Audit Committee are all independent Non Executive Directors:

- David Roberts – Non Executive Director
- Dr Reva Gudi – Non Executive Director
- Ian Mansfield – Non Executive Director

There have been 4 meetings between 1 April 2019 and 31 March 2020.

Member attendance

Audit Committee*	Total Meetings = 4
David Roberts (Chair)	4 out of 4
Ian Mansfield	4 out of 4
Dr Reva Gudi	4 out of 4

Effectiveness of the Committee

The Committee reviews and self-assesses its effectiveness annually and ensures that any matters arising from this review are addressed.

The Committee is supported by the Trust Secretary who ensured that the Committee received adequate information in a timely manner to facilitate the consideration of all relevant issues. Meetings are scheduled annually to accommodate Trust business. Each meeting is minuted and reported to the Trust Board.

Internal audit and counter fraud services

RSM Risk Assurance Services LLP provide internal audit, and RSM UK Tax and Accounting Limited provide counter fraud, services to CNWL and both internal auditors and the Local Counter Fraud Specialists (LCFS) attend meetings of the committee. At these meetings, progress on internal audits and against the LCFS' annual work plan, is reviewed along with the actions taken as a result of the audits and both proactive reviews as well as reactive investigations by the LCFS.

Our audit activity ensures effective oversight of our financial reporting and governance processes. The areas focused on arise from the review of our risks as an organisation. Our inter audit plan included amongst other areas, a review of the Data Security and Protection Toolkit, ICT Transition Arrangements, Mental Capacity Act, Harlequin Transfer of Balance and Patient monies arrangements, QTS Governance arrangements, the Quality Improvement Programme, and Recruitments.

The activity of the LCFS is also risk focused, with a fraud risk assessment of the Trust completed by the LCFS used to design the work plan activities. During the year, the LCFS concentrated on areas of risk such as timesheet verification, cash handling, pre-employment checks in recruitment, procurement and invoice fraud. The LCFS also worked jointly with internal audit on a review of patient expenses. The plan also included work to raise awareness of fraud risks across the Trust, with the LCFS providing bespoke awareness presentations to the Finance team and at the Divisional board meetings, while also working with Communications to distribute awareness material to all Trust staff.

We incurred audit fees of £129,000 (excluding VAT) for the accounting period.

External audit

KPMG LLP was appointed in 2014 by the Council of Governors as our external auditors. At our Audit Committees, KPMG present updates regarding accounting and business matters that are relevant to our organisation; including their audit plans and reports, for discussion by the committee. As part of this, the committee considers the implications of new accounting guidance, and whether our financial statements are compliant with the relevant financial reporting standards. KPMG are required to make the case to the committee that they are objective and comply with the technical and ethical standards that apply to them as auditors.

We incurred audit fees of £97,630 (excluding VAT) for the accounting period. This was a fee for an audit in accordance with the Audit Code issued by the National Audit Office in 2012. KPMG also perform an independent examination of the charitable fund for a fee of £8k (excluding VAT).The auditing of accounts of the Trust subsidiary QTS of £15,000 (excluding VAT).

For details of our audit fees please see page 21.
The Committee engages regularly with the external auditor over the course of the financial year. The subjects covered include consideration of the external audit plan, matters arising from the audit of the Trust financial statements, the review of the Trust quality accounts and any recommendations on control and accounting matters proposed by the auditor.

The Committee considered the independence principles set out by the Auditing Practice Board in relation to the work of the external auditor undertaking non audit work. It did not identify any risks in this respect particularly in relation to self- review and familiarity.

Financial reporting

The Committee reviewed the Trust's accounts and Annual Governance Statement. To assist this review it considered reports from management and from the internal and external auditors to assist consideration of: the quality and acceptability of accounting policies, including their compliance with accounting standards;

- Key judgements made in preparation of the financial statements

- Compliance with legal and regulatory requirements
- The clarity of disclosures and their compliance with relevant reporting requirements
- Whether the Annual Report as a whole is fair, balanced and understandable and provides the information necessary to assess the Trust's performance and strategy.

The Committee has reviewed the content of the annual report and accounts and on behalf of the Board is of the view that, taken as a whole:

- It is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Trust's performance, business model and strategy
- It is consistent with the draft Annual Governance Statement, Head of Internal Audit Opinion and feedback received from the external auditors.

The Nominations Committee

There was one meeting of the Nominations Committee during 2019-20. The Committee considered the skills required of the forthcoming Non Executive Director vacancies

The members of the Nominations Committee are:

- Professor Dorothy Griffiths OBE – Chair, Non Executive Director
- Claire Murdoch CBE – Chief Executive
- Paul Streets – Non Executive Director
- Tom Kibasi – Non Executive Director
- David Roberts – Non Executive Director
- Ian Mansfield – Non Executive Director
- Mike Cooke – Non Executive Director
- Ian Mansfield – Non Executive Director
- Michael Nutt – Non Executive Director
- Dr Reva Gudi – Non Executive Director

The purpose of the Nominations Committee is to:

- Review the structure of the Board of Directors and make recommendations for change where appropriate
- Prepare a description of the role and capabilities required for a particular appointment in the event of a vacancy
- Agree with the Appointments Committee of the Council of Governors a clear process for the nomination of a chair or Non Executive Director
- Make recommendations to the Board on the appointment of Executive Directors.

Mike Cooke and Paul Streets were appointed as Non Executive Directors in 2019- 20 following national advertising for the position, an interview process involving Executives and Governors and approval of these appointments by the Council of Governors. An external search consultancy was not used in 2019-20.

Number of meetings and attendance at the Nominations Committee:

	Total Meetings = 1
Claire Murdoch	1
Professor Dorothy Griffiths	1
Paul Streets	1
Tom Kibasi	1
David Roberts	1
Mike Cooke	1
Michael Nutt	1
Dr Reva Gudi	1
Ian Mansfield	1

Number of meetings and attendance at the Board of Directors

Board of Directors	Total Meetings = 6
Prof Dorothy Griffiths OBE (Chair)	6
Claire Murdoch CBE	6
Robyn Doran	5
Dr Cornelius Kelly	6
Andy Mattin*	2 out of 2
Maria O'Brien	4 out of 4
Hardev Virdee	3 out of 3
Hannah Witty	1 out of 1
Ian Mansfield	5
Paul Streets**	6
Mike Cooke	5
David Roberts	4
Tom Kibasi	6
Michael Nutt	5
Dr Reva Gudi	5

* Andy Mattin retired in September 2019
** Paul Streets started as Non Executive Director in 2019

Wider committees

There are three more formal sub-committees, which Non Executive Directors are involved in to ensure the Trust achieves its objectives and adhere to all regulatory frameworks. These are the Finance and Performance Committee, a Quality Committee and Workforce Committee. In addition an Investment Committee, chaired by a Non Executive Director, oversees any major investments or acquisitions.

The Council of Governors

The Council of Governors plays an essential role in the governance of the Trust, with its main duties being to:

- Appoint or remove the chair and other Non Executive Directors
- Hold the Non Executive Directors to account for the performance of the Trust
- Approve the appointment of the Chief Executive
- Decide the remuneration and allowances of the Chair and Non Executive Directors
- Appoint or remove the external auditor
- Be consulted in setting the forward business plans of the Trust
- Review annually the Trust's objective of delivering high quality services
- Approve any amendments to the Constitution
- Receive the annual accounts and annual report
- Represent the interests of members and the public

There has not been any change to the significant commitments of the Chair in 2019-20.

The make-up of the Council of Governors

CNWL's Council of Governors is made up of elected Governors across four constituencies, plus appointed Governors from our partner organisations. The four elected governor constituencies are listed below:

- Service user – open to people over 16 years of age.

There are two sub-categories based on a geographical split of the geographical areas served by the Trust.

- Carer – this is open to people over 16 years of age who care for a patient of this Trust
- Public – this is open to residents in England and Wales
- Staff – all staff are automatically members unless they choose to opt-out. Membership is also open to employees of our partner organisations where they are managed within our services and have been in post for more than 12 months

Meetings of the Council of Governors

The Council of Governors meets quarterly and meetings are open to the public. Individual attendance by Governors is shown in the table on page 24.

Governors were satisfied with the attendance of Directors and Non-Executive Directors at their meetings.

The Register of Interests of the Council of Governors is available any time through the Trust Secretary, Christine Baldwinson Tel. 020 3214 5776 or email christine.baldwinson@nhs.net.

Communication

The Council of Governors has a good working relationship with the Board of Directors and Directors regularly attend Council of Governor meetings to be available to answer questions and participate in discussions. There is regular communication with individual Governors and questions regarding the performance of any individual Directors would be channelled through the Chief Executive or Chair, as appropriate.

The Governors Annual and Strategic Planning working group looks in detail at annual planning.

Performance evaluation of the Council of Governors

The Council of Governors regularly reviews its operation to ensure its effectiveness.

We have focused in the year on developing a greater understanding of our Community Services. The Chair meets with Governors informally prior to each Council meeting and discusses training needs with them and there is an opportunity at the conclusion of each meeting to reflect on the effectiveness of the meeting.

Lead Governor

Ketan Sheth was re-appointed lead Governor in November 2015.

Conditions of service for Governors

The length of appointments of Governors is three years. Terms of office may be ended by resolution of the Council of Governors following a procedure laid down in the Foundation Trust's constitution.

Terms of office and summary attendance by individual Governors at meetings of Council of Governors 2019-20. There were four Council of Governors meetings in 2019-20.

Constituency	Name	Meetings attended	End of appointment
Service user Governors			
Hillingdon, Harrow, Brent, Ealing Hounslow	Jasmine Hodge Lake	1	May 2021
Hillingdon, Harrow, Brent, Ealing Hounslow	John Clark	4	May 2021
Hillingdon, Harrow, Brent, Ealing Hounslow	Angela Hook	4	May 2022
Hillingdon, Harrow, Brent, Ealing Hounslow	Colin Hurst	1	May 2022
Hillingdon, Harrow, Brent, Ealing Hounslow	Stephen Chamberlain	2	May 2022
Westminster K&C,H&F,Camden, Enfield and the rest of the GLA	Simon Emin	3	May 2021
Westminster K&C,H&F,Camden, Enfield and the rest of the GLA	Elvira De Souza	2	May 2021
Westminster K&C,H&F,Camden, Enfield and the rest of the GLA	Pascale Gourlay	0	May 2021
Westminster K&C,H&F,Camden, Enfield and the rest of the GLA	Vacant	N/A	
Westminster K&C,H&F,Camden, Enfield and the rest of the GLA	Vacant	N/A	
Carer Governors			
Carer	Margarita Reygan	1	May 2021
Carer	Chandu Shah (deceased)	3	April 2020
Carer	Abigail Agyemang	4	May 2021
Public Governors			
Brent	Silvia Gerea	4	May 2022
Harrow	Anil Dattani	4	May 2022
Hillingdon	Lameck Ngulube	0	May 2021
Kensington & Chelsea	Ivan Moore	3	May 2021
Westminster	Cheryl Prax	4	May 2021
Milton Keynes	Vacant	N/A	May 2021
Ealing Hounslow Hammersmith & Fulham	Sudha Agrawal	4	May 2022
Boroughs within England & Wales excluding those named above	Ejaz Elhak	0	May 2021
Camden	Vacant	N/A	

Constituency	Name	Meetings attended	End of appointment
Staff Governors			
Nursing	Lisa Oluyinka	2	May 2021
Nursing	Vacant	N/A	
Medical	Karim Dar	2	May 2021
Allied Health Professionals	Debbie Peter	2	May 2021
Social care	Karen Cook	3	May 2021
Other staff	Philip Ayers	4	May 2021
Appointed Governors			
Brent Local Authority	Cllr Ketan Sheth	4	Appointed
Harrow Local Authority	Vacant	N/A	Appointed
Hillingdon Local Authority	Cllr Nick Denys	Nil	Appointed
Kensington and Chelsea Local Authority	Cllr Charles Williams	3	Appointed
Westminster Local Authority	Lorraine Dean	2	Appointed
Camden Local Authority	Vacant	N/A	Appointed
Milton Keynes Local Authority	Cllr Nigel Long	Nil	Appointed
Imperial College	Mike Crawford	2	Appointed
NHS Commissioning Collaborative	Currently vacant	N/A	N/A
Mencap	Currently vacant	N/A	N/A
Terrence Higgins	Currently vacant	N/A	N/A
Age UK	Currently vacant	N/A	N/A

Expenses

Directors and Governors Expenses Disclosure – Annual Report 2019-20				
	Directors		Governors	
	19-20	18-19	19-20	18-19
Total number in office	10	7	29	33
Number receiving expenses in reported period	7	6	3	8
Aggregate sum of expenses paid in period	£2,935	£3,100	£55.60	£1,510.31

Membership

Foundation Trusts are not for profit organisations mutually "owned" by members. They have greater freedom to develop services that meet the specific needs of local communities. Local people are invited to become members of CNWL, where they can help ensure the Trust is providing the most suitable services when and where they are needed.

Members' views are represented at the Council of Governors by the 29 Governors listed previously. The Governors' constituencies cover patients, carers, staff, partner organisations and public members.

Since becoming a Foundation Trust in 2007, the membership has grown to 15,473 members.

Building our membership

This year we have continued to not seek to increase our membership, but to ensure that it remains stable and engaged. We have held learning events- on "Caring for People with Dementia and Diabetes and Mental Health"

The learning events are held for members of the public to showcase some of our services and engage with members. The positive feedback from this event have led us to introduce further learning events for members for the public in 2019-20.

Keeping members informed

The Trust's Body and Mind magazine, continues to be published to ensure all our interested members and stakeholders are kept in informed of CNWL's activities. Body and Mind magazine provides updates on key issues for the Trust, news and dates of upcoming meetings

Members can contact Governors and directors through the CNWL website: www.cnwl.nhs.uk/patients-and-carers/your-say/becoming-member

Membership figures 2020

Constituency	Members at March 2020
Patient / Carer	2,296
Public	6,640
Staff	6,537
Total	**15,473**

Claire Murdoch CBE
Chief Executive
24 June 2020

Annual report on remuneration

Remuneration Committee

The Remuneration Committee determines the salaries of the Chief Executive and Executive Directors by considering market rates. All Executive Directors are appointed on permanent contracts with the Chief Executive having a six-month notice period and Executive Directors three months. There is no performance-related pay and no compensation for early termination is provided.

The members of the Remuneration Committee are all Non Executive Directors:

Professor Dorothy Griffiths OBE – Chair, Non Executive Director

Tom Kibasi – Non Executive Director David Roberts – Non Executive Director

Mike Cooke – Non Executive Director

Paul Streets– Non Executive Director

Michael Nutt – Non Executive Director

Dr Reva Gudi – Non Executive Director

Ian Mansfield – Non Executive Director

There were two meetings of the Remuneration Committee in 2019-20.

The remuneration for Non Executive Directors is set by the Council of Governors.

This was considered by the Council of Governors in 2019 and it was decided that the remuneration should be revised to align with other NHS Trusts . No 'golden hellos', compensation for loss of office or other remuneration from the Trust was received by any of the above during 2019-20. All benefits in kind payments relate solely to the provision of cars. As non executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for non executive members.

Number of meetings and attendance at the Remuneration Committee:

	Total Meetings = 2
Professor Dorothy Griffiths	2
Mike Cooke	2
Paul Streets	2
David Roberts	2
Tom Kibasi	2
Ian Mansfield	2
Michael Nutt	2
Dr Reva Gudi	2

Annual statement on remuneration

The Remuneration Committee determines the salaries of the Chief Executive and the other Executive Directors by considering market rates. All Directors are on permanent contracts with the Chief Executive having a six-month notice period and other Directors having a three month notice period. There is no performance related pay and no compensation for early termination.

The Council of Governors determines the pay for the Chairman and Non Executive Directors and in so doing take into account comparative remuneration of other Foundation Trusts. They are on fixed term, renewable contracts. There is no performance related pay and no compensation for early termination.

Major decisions on senior managers' remuneration

There were no substantial changes relating to senior managers' remuneration made during the year. The Council of Governors were asked to review the salaries for the Chair and Non Executive Directors to ensure these were in line with those offered across the sector.

Professor Dorothy Griffiths OBE, FCGI
Chair
24 June 2020

Senior Managers Remuneration Policy

Set out below are the main components of the remuneration package for senior managers

Component	How that component supports the Trust short and long term strategy	How it operates	Maximum payable	Performance framework
Senior managers are entitled to a basic salary which is determined by the Remuneration Committee. The rates paid to individual directors are determined by the remuneration committee who take into account • Qualifications required for the role • Spans of responsibility and accountability • Performance • Market forces	The Trust believes that its senior managers should be well remunerated for their work. Trust salaries should be competitive and enable the trust to attract high calibre staff. However salaries should not be overly high and should be positioned in the top quartile of salaries for similar organisation. The remunerations committee will therefore reference its salaries to the NHS Providers survey of executive salaries.	Salaries are reviewed against external NHS benchmarking and set at the lower end of the upper quartile for similar organisations, taking into account other factors including performance and qualifications. A report is presented to the Remuneration Committee		Subject to annual appraisal as for all staff
There is provision for providing a bonus in exceptional circumstances	Provides an opportunity to provide appropriate reward when an Executive Director delivers against a significant additional responsibility.	At the discretion of the Chief Executive in consultation with the Chair. No individual could receive more than one such increase in any year and the Chief Executive would not award such increases to more than two individuals in any given year. Any awards made will be reported to the Remuneration Committee. These payments will be non-consolidated. However where it is felt that the individual performance is being sustained the Remuneration Committee may consider consolidating them.	£5000	
Allowance for Lease car	This is to support certain directors who require their own transport to fulfil their role	This is taken into consideration when looking at the whole package		

Note: Annual Appraisal follows the same process as for all staff in the organisation and includes:

- Achievement of agreed objectives (set annually in consultation with the Chief Executive and the Chair)
- Completion of statutory and mandatory training
- Behaviour compatible with the Trust's vision and values
- Strong financial management

No bonus payments are attached to satisfactory appraisal

Each contract for directors gives the trust the right to deduct from a Director's salary, or any other sums owed, any money owed to the Trust. If on termination of the appointment the director has taken in excess of their accrued holiday entitlement the Trust shall be entitled to recover by way of deduction from any payments due.

The Trust's policy on senior managers' remuneration and its general policy on employees' remuneration differs only, in so far as other staff are on the Agenda for Change or Medical and Dental terms and conditions, while Directors pay is determined outside of these frameworks.

Non Executive Directors Policy on remuneration

The Non-Executive Directors remuneration is set by the Appointments Committee of the Council of Governors. The remuneration is reviewed in light of benchmarking undertaken of NHS organisations

The payments have been reviewed on an annual basis.

There are three levels of remuneration based on the level of commitment expected of the post holder: Chair; Chair of Audit Committee; and other Non-Executive Directors.

Service contracts obligations

There is one standard contract for all Directors. This puts the following obligations on the Trust:

- To review performance annually
- To give reasonable notice of any variation to salary.
- To determine redundancy pay by reference to Part XI of the Employment Rights Act 1996. Any redundancy payment will be calculated in accordance with paragraphs 16.8 and 16.9 of the NHS terms and conditions of service handbook.
- To pay appropriate expenses incurred in the course of duties in accordance with the Trust's Travel and Expenses policy.
- Annual Leave follows standard NHS terms, likewise sickness
- Notice period for all Executive Directors except Chief Executive three months; Chief Executive six months

No executive director is on a fixed term contract

Policy on Loss of Office

- Notice periods as above for resignation all directors bar Chief executive 3 months; Chief Executive 6 months
- Payments in lieu of notice are at the discretion of the trust.
- Senior manager's performance is relevant for loss of office when a material element of the Business Plan has not been delivered and then it can be dismissal without notice.

Setting senior managers remuneration policy

- This has been a matter solely for the remuneration committee

High paid off-payroll arrangements

The Trust has a policy on off-payroll arrangements whereby there a range of checks that are incumbent on the managers to perform and a declaration that the individual has to sign-off.

- There were no existing arrangements at 31 March 2020
- No new arrangements in 2019-20
- No engagements that reached six months in durationin 2019-20
- There are eight individuals that have been deemed"board members, and/or senior officers with significant financial responsibility", during the financial year.

Exit packages 2019-20

Exit package cost band (including any special payment element)			
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
<£10,000	1	0	1
£10,000 – £25,000	3	0	3
£25,001 – 50,000	1	0	1
Total number of exit packages by type	5	0	5
Total cost (£)	99,469	0	99,469

Exit packages 2018-19

Exit package cost band (including any special payment element)			
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
<£10,000	31	–	31
£10,000 – £25,000	16	–	16
£25,001 – 50,000	7	–	7
£50,001 – £100,000	4	–	4
Total number of exit packages by type	58	–	58
Total cost (£)	£900,552	£0	£900,552

Statement of consideration of employment conditions elsewhere in the foundation trust

The pay and conditions of employees (including any other group entities) were not taken into account when setting the remuneration policy for senior managers except in so far as senior managers were subject to the same financial restrictions as other staff and were awarded a cost of living increase in line with that received by other staff;

The trust did not consult with employees when preparing the senior managers' remuneration policy.

The Remunerations Committee of the Trust utilised the NHS Providers annual survey of salaries as a remuneration comparison for setting Senior managers' pay.

Table of Senior Managers' remuneration

Name and Title	2019-20				
	Salary (bands of £5000)	Other Remuneration (bands of £5000)	Benefits in Kind (Rounded to the nearest £100)	Pension Benefit (bands of £2500)	Total (bands of £5000)
Chairman					
Prof Dorothy Griffiths	50 – 55			0	50 – 55
Chief Executive					
Claire Murdoch	190 – 195			27.5 – 30	215 – 220
Executive Directors					
Robyn Doran – Chief Operating Officer	120 – 125		700	17.5 – 20	140 – 145
Maria O'Brien – Deputy Chief Operating Officer and Board Director for Community Services and Chief Nurse	125 – 130			17.5-20	145 – 150
Dr Cornelius Kelly – Medical Director	95 – 100	65-70		0	165 – 170
Hannah Witty – Chief Finance Officer (from 24th Feb 2020)	10 – 15			0 – 2.5	15 – 20
Thamotharam-Pillai Cynthia – Interim Chief Finance Officer (from 1st Nov 2019 to 23rd Feb 2020)*	35 – 40			5 – 7.5	40 – 45
Hardev Virdee – Chief Finance Officer (Left 31 October 2019)	85 – 90			10 – 12.5	95 – 100
Andrew Mattin – Director of Nursing and Quality (Left 10 September 2019)	50 – 55			7.5 – 10	60 – 65
John Vaughan – Director of Strategy and Performance (Left 30 April 2019)	15 – 20			2 – 2.5	15 – 20
Grant Macdonald – Director of Improvement and Workforce (Left 1 November 2019)*	75 – 80			0	75 – 80
Non Executive Directors					
Tom Kibasi – Deputy Chair	15 – 20			0 – 2.5	20 – 25
David Roberts – Senior Independent Director	15 – 20				15 – 20
Michael Nutt – Non Executive Director	15 – 20				15 – 20
Reva Gudi – Non Executive Director	15 – 20			0 – 2.5	15 – 20
Ian Mansfield – Non Executive Director	15 – 20				15 – 20
Mike Cooke – Non Executive Director	15 – 20				15 – 20
Paul Street – Non Executive Director	10 – 15				10 – 15

Name and Title	2018-19				
	Salary (bands of £5000)	Other Remuneration (bands of £5000)	Benefits in Kind (Rounded to the nearest £100)	Pension Benefit (bands of £2500)	Total (bands of £5000)
Chairman					
Prof Dorothy Griffiths	50 – 55	0	0	0	50 – 55
Chief Executive					
Claire Murdoch	190 – 195	0	0	0	190 – 195
Executive Directors					
John Vaughan – Director of Strategy and Performance	115 – 120	0	0	0 – 2.5	115 – 120
Robyn Doran – Chief Operating Officer	120 – 125	0	1,300	0 – 2.5	125 – 130
Andrew Mattin – Director of Nursing and Quality	115 – 120	0	900	0 – 2.5	115 – 120
Hardev Virdee – Chief Finance Officer	150 – 155	0	0	0 – 2.5	150 – 155
Dr Cornelius Kelly – Medical Director	90 – 95	60-65	0	0	150 – 155
*Maria O'Brien – Deputy Chief Operating Officer and Board Director for Community Services	120 – 125	0	0	0 – 2.5	120 – 125
*Grant Macdonald – Director of Improvement and Workforce	125 – 130	0	0	0	125 – 130
Non Executive Directors					
David Walker – Deputy Chair	10 – 15	0	0	0	10 – 15
David Roberts – Non Executive Director	15 – 20	0	0	0	15 – 20
Tom Kibasi – Non Executive Director	10 – 15	0	0	0	10 – 15
Helen Edwards – Senior Independent Director	10 – 15	0	0	0	10 – 15
Michael Nutt – Non Executive Director	15 – 20	0	0	0	15 – 20
Dr Reva Gudi – Non Executive Director	10 – 15	0	0	0	10 – 15
Ian Mansfield – Non Exectuive Director (from 8th Oct 2018)	5 – 10	0	0	0	5 – 10
Amanda Harrison – Non Executive Director (left on 4th May 2018)	0 – 5	0	0	0	0 – 5

*Not full Board members

Pension entitlement of senior managers

Name and title	2019-20							
	Real increase in pension at age 60 (bands of £2500)	Real increase in pension lump sum at age 60 (bands of £2500)	Total accrued pension at age 60 at 31 March 2020 (bands of £5000)	Lump sum at age 60 related to accrued pension at 31 March 2020 (bands of £5000)	Cash Equivalent Transfer Value at 31 March 2019 (bands of £5000)	Cash Equivalent Transfer Value at 31 March 2020 £000	Real Increase in Cash Equivalent Transfer Value £000	Employers contribution to stakeholders pension £000
Chief Executive								
Claire Murdoch	0	0	85 – 90	260 – 265	2,560	2,138	0	28
Executive Directors								
John Vaughan — Director of Strategy and Performance (Left 30 April 2019)	0	0	0	0	0	0	0	2
Robyn Doran – Chief Operating Officer	0 – 2.5	2.5 – 5	25 – 30	75 – 80	564	616	38	18
Andrew Mattin – Director of Nursing and Quality (Left 10 September 2019)	0	0	0	0	1,060	0	0	8
Maria O'Brien – Deputy Chief Operating Officer and Board Director for Community Services and Chief Nurse	2.5 – 5.0	0 – 2.5	55 – 60	145 – 150	1,120	1,215	68	19
Hardev Virdee – Chief Finance Officer (Left 31 October 2019)	2.5 – 5.0	0 – 2.5	45 – 50	100 – 105	700	793	45	12
Hannah Witty – Chief Finance Officer (from 24 Feb 2020)	0 – 2.5	0	5 – 10	0	55	84	3	2
Thamotharam-Pillai Cynthia – Interim Chief Finance Officer (from 1 Nov 2019 to 23 Feb 2020)	0	0	35 – 40	110-115	0	887	0	6

Name and title	2018-19							
	Real increase in pension at age 60 (bands of £2500)	Real increase in pension lump sum at age 60 (bands of £2500)	Total accrued pension at age 60 at 31 March 2019 (bands of £5000)	Lump sum at age 60 related to accrued pension at 31 March 2019 (bands of £5000)	Cash Equivalent Transfer Value at 31 March 2018 (bands of £5000)	Cash Equivalent Transfer Value at 31 March 2019 £000	Real Increase in Cash Equivalent Transfer Value £000	Employers contribution to stakeholders pension £000
Chief Executive								
Claire Murdoch	0	0	105 – 110	315-320	2,275	2,560	216	28
Executive Directors								
John Vaughan – Director of Strategy and Performance	0 – 2.5	0-2.5	40 – 45	130 – 135	978	0	0	16
Robyn Doran – Chief Operating Officer	0 – 2.5	2.5 – 5	20 – 25	70 – 75	483	564	67	18
Andrew Mattin – Director of Operations and Nursing	0 – 2.5	5-7.5	55 – 60	170 – 175	1,060	1,252	160	17
Maria O'Brien – Deputy Chief Operating Officer and Board Director for Community Services	0 – 2.5	2.5 – 5	45 – 50	140-145	862	1,008	121	18
Hardev Virdee – Chief Finance Officer	0 – 2.5	10-12.5	30 – 35	95 – 100	440	588	134	22

Expenses

In addition to the Remuneration Report, the Companies Act 2006 requires disclosure, in a note to the accounts, of the aggregate of remuneration and other benefits receivable by directors during the financial year. This information is required even where entities prepare a Remuneration Report, although in such cases the disclosure requirements in the accounts are correspondingly fewer. The requirements for disclosing directors' remuneration are set out in section 412 of the Act and in Regulation 8 and Schedule 5 to the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410). In summary, the disclosures comprise the aggregate amounts of each of the following:

- Total remuneration paid to directors for the year ended 31/03/2020 (in their capacity as directors) was £0.89 million in total (2018-19 £1.10 million);
- Employer contributions to the NHS Pension Scheme for Executive Directors for the year ended 31/03/2020 was £94k, (2018-19 £118k);
- The total number of directors to whom benefits are accruing under the NHS defined benefit scheme (the NHS Pension Scheme) was 10 (2018-19 6).
- No other remuneration was paid to directors in their capacity as directors and there were no advances or guarantees entered into on behalf of directors by the Trust.

No 'Golden Hellos' compensation for loss of office or other remuneration from the Trust was received by any of the above directors during 2019-20. All benefits in kind payments relate solely to the provision of cars.

The HM Treasury Financial Reporting Manual (FReM) requires disclosure of the median remuneration of the reporting entity's staff and the ratio between this and the mid-point of the banded remuneration of the highest paid director (as defined as a senior manager in paragraph 7.28 and paragraphs 7.34 to 7.38 of the Annual Reporting Manual whether or not this is the Accounting Officer or Chief Executive). The calculation is based on permanent staff of the reporting entity (excludes Agency or Bank staff) at the reporting period and date on an annualised basis. The highest paid director earns approximately 5.47 times the median staff salary figure of £35,007/annum (2018-19 calculated at 5.64 times the median salary of £33,910/annum).

The Trust's accounting policy for pensions and other retirement policies can be found in Note 1.4 of the notes to the accounts A cash equivalent transfer value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies.

The CETV figures, and from 2004-05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme.

They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

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

Expenditure on Consultancy

The total expenditure on consultancy was £3.7m in 2019-20 (2018-19 £2.3m).

Claire Murdoch CBE
Chief Executive
24 June 2020

Staff report

Staffing Group	Total 2019-20	Permanent 2019-20	Other 2019-20	Total 2018-19	Permanent 2018-19	Other 2018-19
Medical and dental	388	245	144	395	248	147
Ambulance staff	0	0	0	0	0	0
Administration and estates	1,340	1,274	67	1,294	1,208	86
Healthcare assistants and other support staff	1,234	1,146	88	1,143	1,050	93
Nursing, midwifery and health visiting staff	2,012	1,979	33	1,988	1,948	40
Nursing, midwifery and health visiting learners	47	25	23	54	36	18
Scientific, therapeutic and technical staff	1,284	1,176	108	1,135	1,004	131
Healthcare science staff	0	0	0	0	0	0
Social care staff	80	77	3	74	68	6
Other	0	0	0	0	0	0
Total average numbers	**6,387**	**5,922**	**465**	**6,083**	**5,563**	**520**
Of which:						
Number of employees (WTE) engaged on capital projects	2	2	0	13	13	0

FTE by contract type		
Assignment category	**FTE**	**Headcount**
Fixed term temp	485.13	581
Permanent	6,064.26	6,851
Locum	6.20	12
Grand Total	**6,555.58**	**7,444**

FTE by gender job role			
Gender	**Pay band category**	**FTE**	**Headcount**
Female	Director	4.00	4
	Others	4,896.65	5,653
	Senior Manager**	102.71	127
Female Total		**5,003.35**	**5,784**
Male	Director	4.41	6
	Others	1,502.93	1,606
	Senior Manager**	44.89	48
Male Total		**1,552.23**	**1,660**
Grand Total		**6,555.58**	**7,444**

Staff Sickness absence	
	Mar 20
Total Days Lost	77,281
Total Staff Years	6,851
Average working Day Lost (per WTE)	8.3

A report on the Trust's gender pay gap can be found at www.cnwl.nhs.uk/about/equality-diversity-and-inclusion/public-equalities-documents

Sickness % for CNWL												
Months	**Apr-19**	**May-19**	**Jun-19**	**Jul-19**	**Aug-19**	**Sep-19**	**Oct-19**	**Nov-19**	**Dec-19**	**Jan-20**	**Feb-20**	**Mar-20**
In Month %	3.30%	3.36%	3.51%	3.46%	2.99%	3.14%	3.29%	3.45%	3.40%	3.24%	3.17%	3.48%
YTD Rolling %	3.18%	3.21%	3.21%	3.22%	3.21%	3.18%	3.21%	3.30%	3.30%	3.29%	3.26%	3.32%

Staff policies and actions applied during the financial year

The Trust has applied its recruitment and selection policy to the assessment of disabled persons' job applications and as a disability symbol user the Trust does ensure that all applicants with a disability and who meet the minimum criteria for the role are guaranteed an interview.

With regard to the continuing employment, training, career development and promotion of disabled persons the Trust has applied the following policies: sickness absence equality, diversity and human rights (employment), disability (employment) . In addition, staff have been referred to Occupational Health who advise managers and staff on disability and fitness to work including reasonable adjustments such as accessing access to work support.

The Trust emails all staff on a weekly basis and when needed to provide information on matters of concern to them in addition to ensuring that staff have access to appraisals and supervision. In addition, information is made available to staff in team meetings through the "Team Brief" management information cascade and via the intranet. Through such measures staff are involved in discussions regarding the Trust's performance.

Where staff will be materially affected by decisions they and their representatives are under the change management policy by line managers with support from HR.

The FT provides support to staff on health and safety matters such as the control of substances hazardous to health (COSHH), manual handling, pregnancy and work, working with computers and occupational dermatitis and latex allergy. The Occupational Health service provides managers with support on fulfilling their duty of care, sickness absence and return to work, disability and adjustments to work and promoting a safe, healthy workplace. The service also assists employees to stay fit and protect their health at work as well as to handle illness or disability with minimum effects on their health and performance at work.

The FT is committed to tackling Fraud and applies an Anti-Fraud Policy which makes clear the reporting lines and support available to employees wishing to raise concerns of fraud or corruption. The Trust provides access to an independent person to advise staff who wish to raise concerns and all new staff are introduced to this person during their induction to the Trust.

Trade Union Duties

The FT employs six individuals working in total 3.2 WTE as trade union officials. Of these three spend 100% of their working time on trade union duties, one 50% and two 10%. This is at a cost of £188k or 0.6% of the paybill.

Staff Survey

The response rate for this year's staff survey was 47%.

Commentary

This year showed a statistically significant improvement for scores in five of the survey's eleven themes: Immediate managers; morale; Quality of appraisals; Quality of care; Staff engagement.

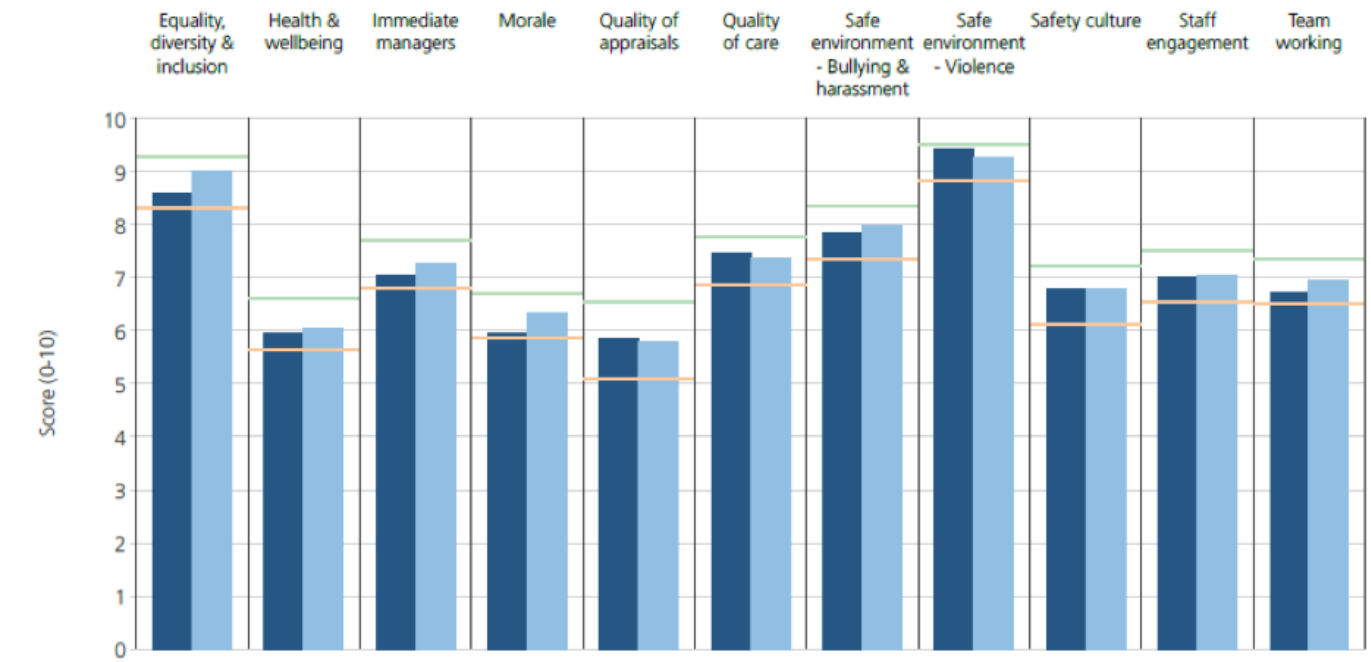
This compares favourably with the results for 2018 in which there was a statistically significant reduction in the scores for five themes – Equality, diversity and inclusion; health and wellbeing; Immediate managers; Bullying and harassment; Safety culture.

When compared to the average for our benchmark group CNWL is above average for two themes: Quality of care and Violence, average for 3 themes: Quality of appraisals, Safety culture and Staff engagement and below average for six themes.

This compares favourably with results for 2018 in which the trust was above average for the same two themes as this year. We were average for one theme, Safety culture, and below average for the other 8 themes.

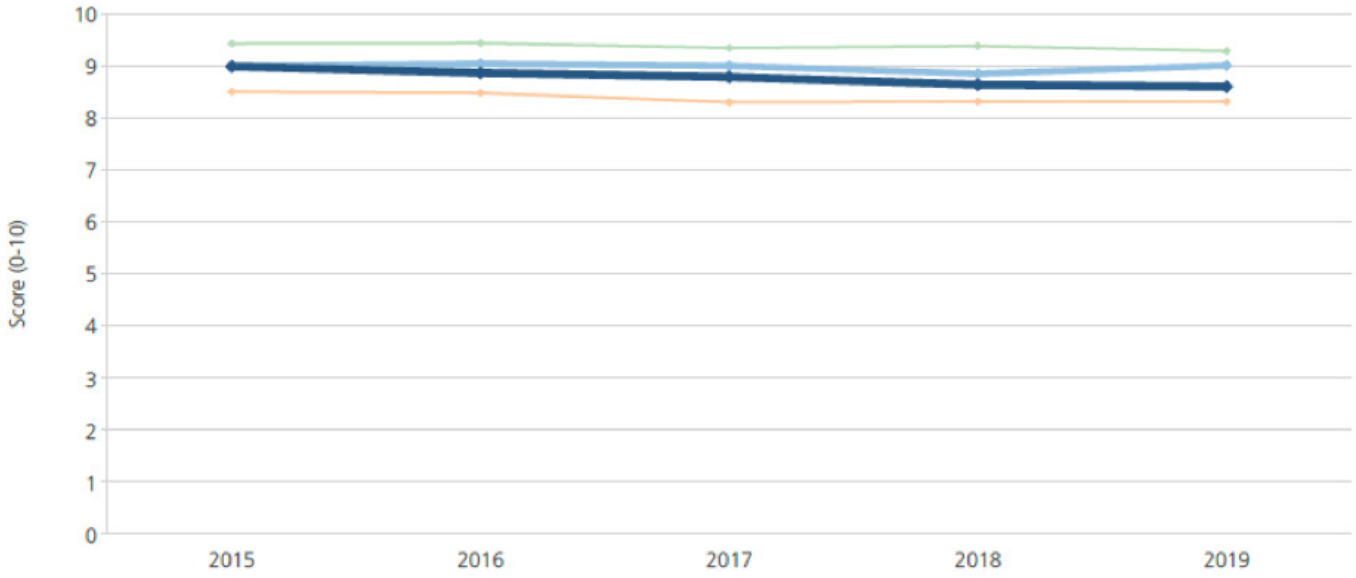
The Trust has prioritised for action Equality, Diversity and Inclusion; Health & Well-being; Bullying and harassment; Team working. This was because scores in these areas were below average and showed a downward trend over five years. Action planning had commenced during March 2020 after the results were considered but was paused during the heightened activity responding to Covid-19. As business as usual recommences this action planning will be resumed. Performance will be monitored by the executive board receiving reports from the appropriate working groups with oversight being exercised by the workforce committee.

Trust Overview



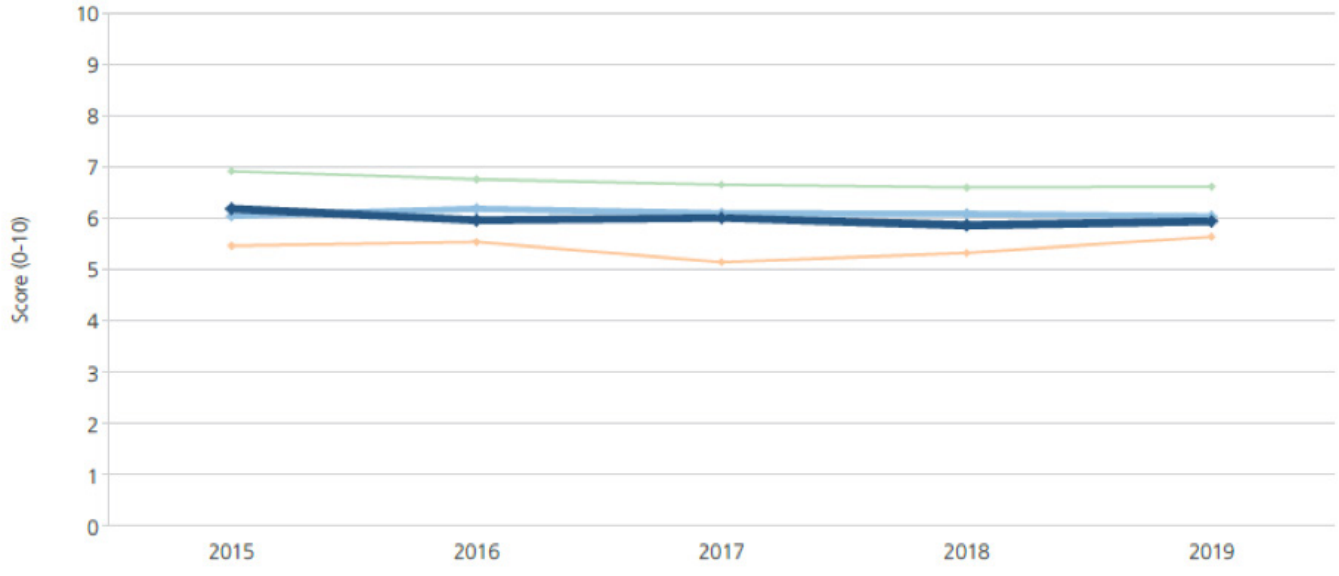
	Equality, diversity & inclusion	Health & wellbeing	Immediate managers	Morale	Quality of appraisals	Quality of care	Safe environment - Bullying & harassment	Safe environment - Violence	Safety culture	Staff engagement	Team working
Best	9.3	6.6	7.7	6.7	6.5	7.8	8.3	9.5	7.2	7.5	7.3
Your org	8.6	5.9	7.1	6.0	5.8	7.5	7.8	9.4	6.8	7.0	6.7
Average	9.0	6.0	7.3	6.3	5.8	7.4	8.0	9.3	6.8	7.0	7.0
Worst	8.3	5.6	6.8	5.9	5.1	6.9	7.4	8.8	6.1	6.5	6.5
Responses	3,144	3,175	3,173	3,089	2,618	2,839	3,121	3,124	3,131	3,235	3,195

Equality, diversity and inclusion



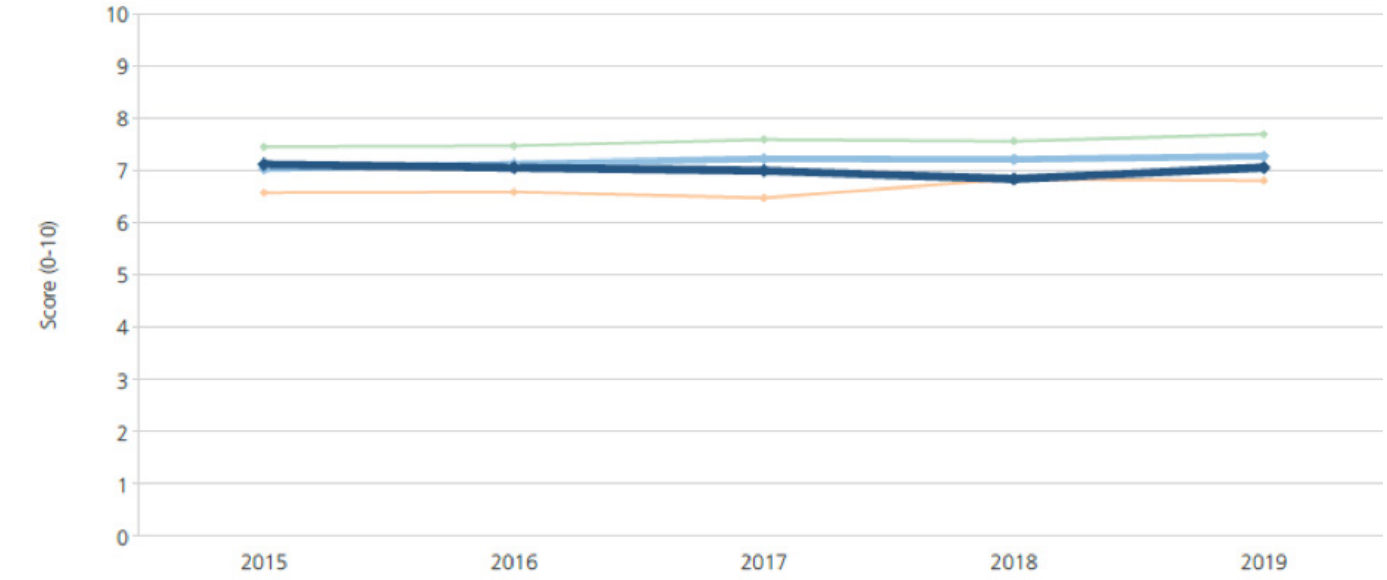
	2015	2016	2017	2018	2019
Best	9.4	9.4	9.3	9.4	9.3
Your org	9.0	8.9	8.8	8.6	8.6
Average	9.0	9.0	9.0	8.8	9.0
Worst	8.5	8.5	8.3	8.3	8.3
Responses	2,089	2,216	2,919	2,891	3,144

Health and wellbeing



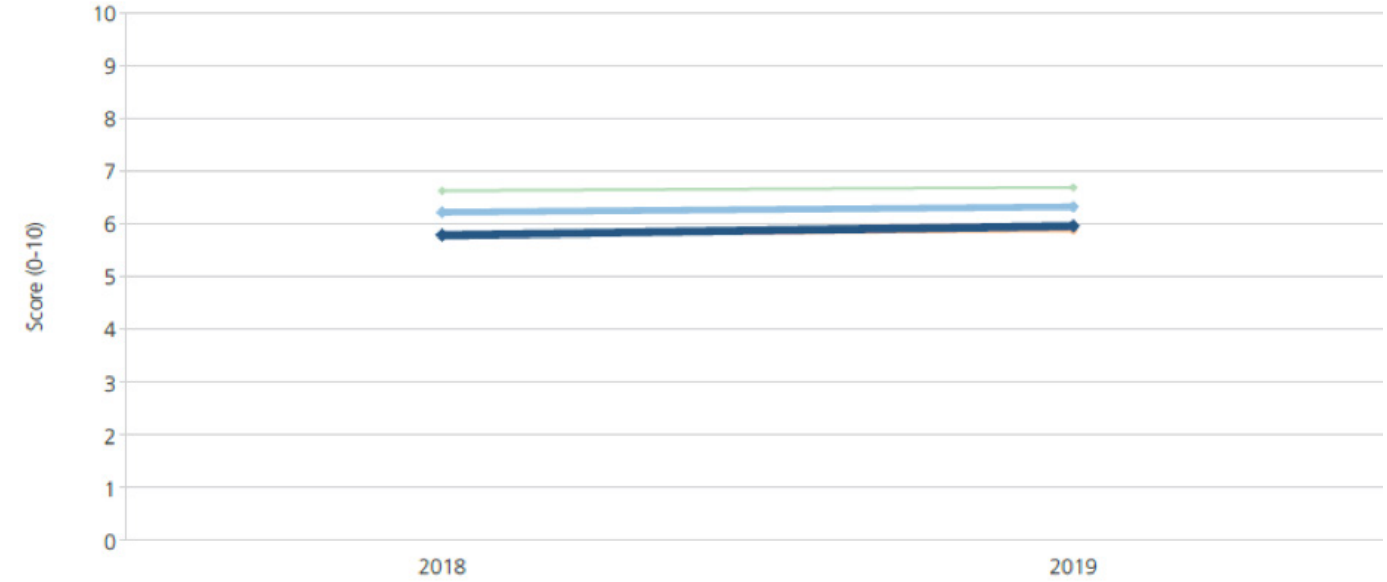
	2015	2016	2017	2018	2019
Best	6.9	6.8	6.7	6.6	6.6
Your org	6.2	6.0	6.0	5.9	5.9
Average	6.0	6.2	6.1	6.1	6.0
Worst	5.5	5.5	5.1	5.3	5.6
Responses	2,113	2,239	2,939	2,929	3,175

Immediate managers



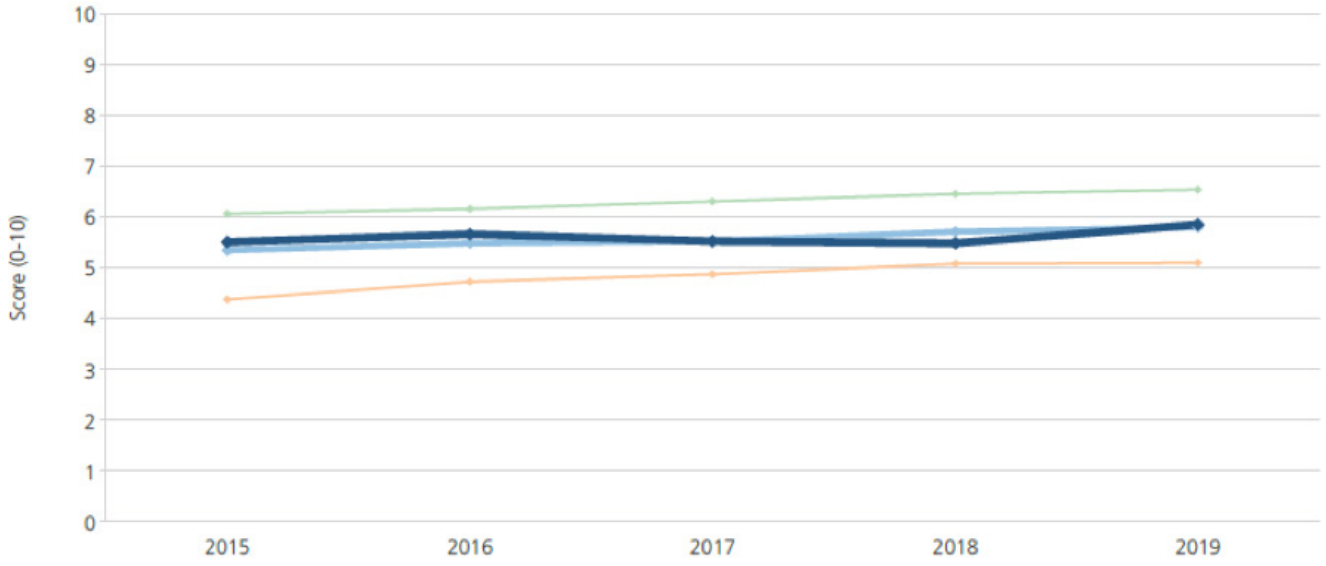
	2015	2016	2017	2018	2019
Best	7.5	7.5	7.6	7.6	7.7
Your org	7.1	7.1	7.0	6.8	7.1
Average	7.0	7.1	7.2	7.2	7.3
Worst	6.6	6.6	6.5	6.8	6.8
Responses	2,112	2,240	2,952	2,941	3,173

Morale



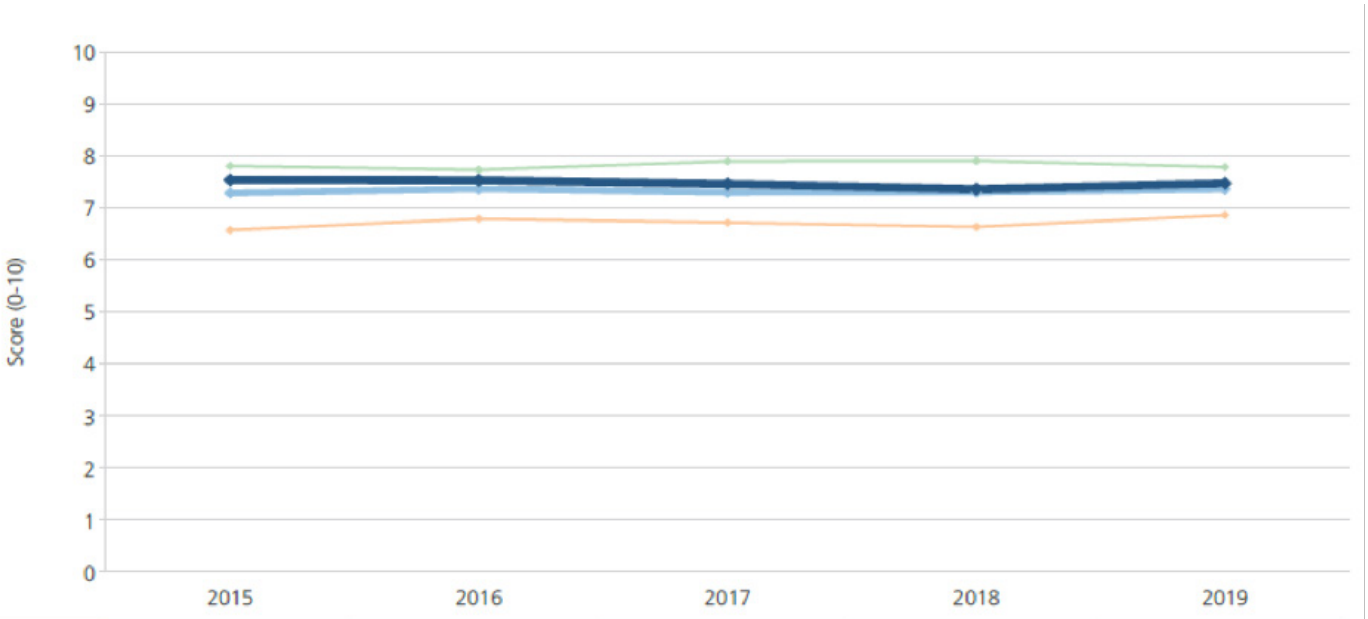
	2018	2019
Best	6.6	6.7
Your org	5.8	6.0
Average	6.2	6.3
Worst	5.8	5.9
Responses	2,859	3,089

Quality of appraisals



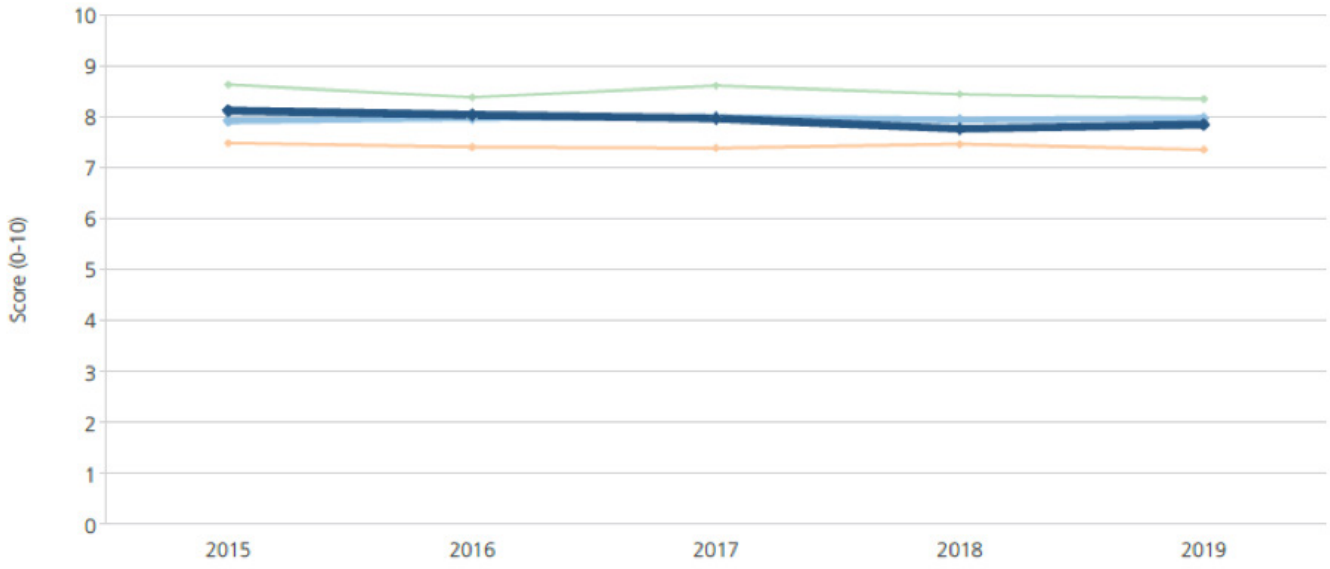
	2015	2016	2017	2018	2019
Best	6.1	6.2	6.3	6.5	6.5
Your org	5.5	5.7	5.5	5.5	5.8
Average	5.3	5.5	5.5	5.7	5.8
Worst	4.4	4.7	4.9	5.1	5.1
Responses	1,818	1,909	2,431	2,446	2,618

Quality of care



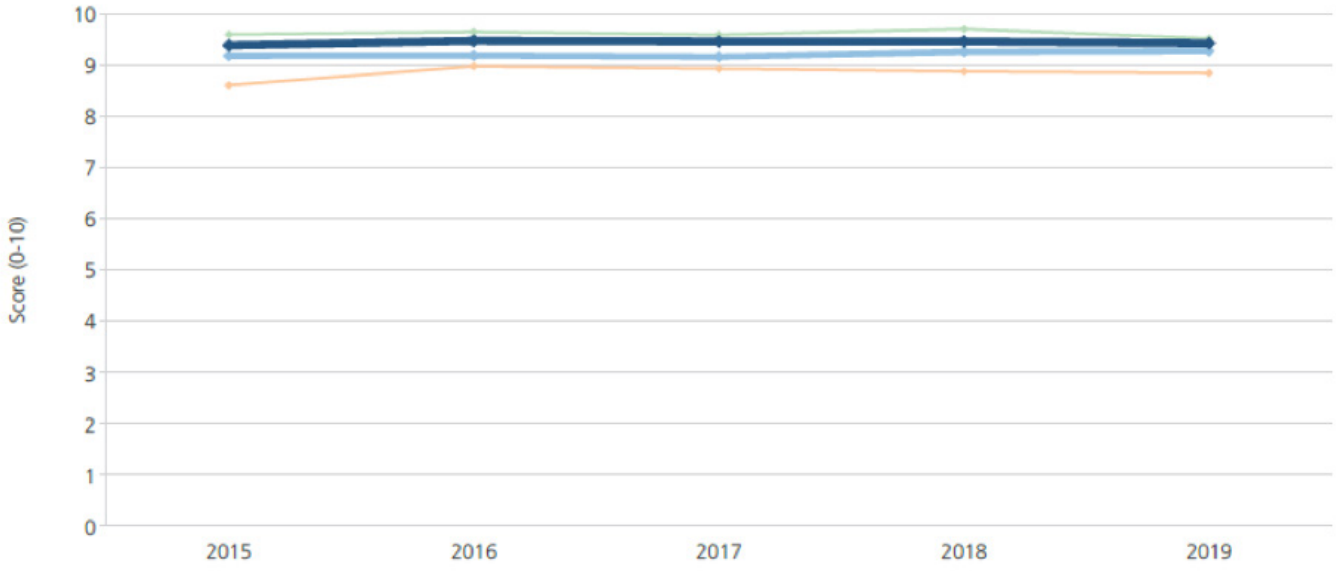
	2015	2016	2017	2018	2019
Best	7.8	7.7	7.9	7.9	7.8
Your org	7.5	7.5	7.5	7.4	7.5
Average	7.3	7.4	7.3	7.3	7.4
Worst	6.6	6.8	6.7	6.6	6.9
Responses	1,785	1,908	2,562	2,635	2,839

Bullying and harassment



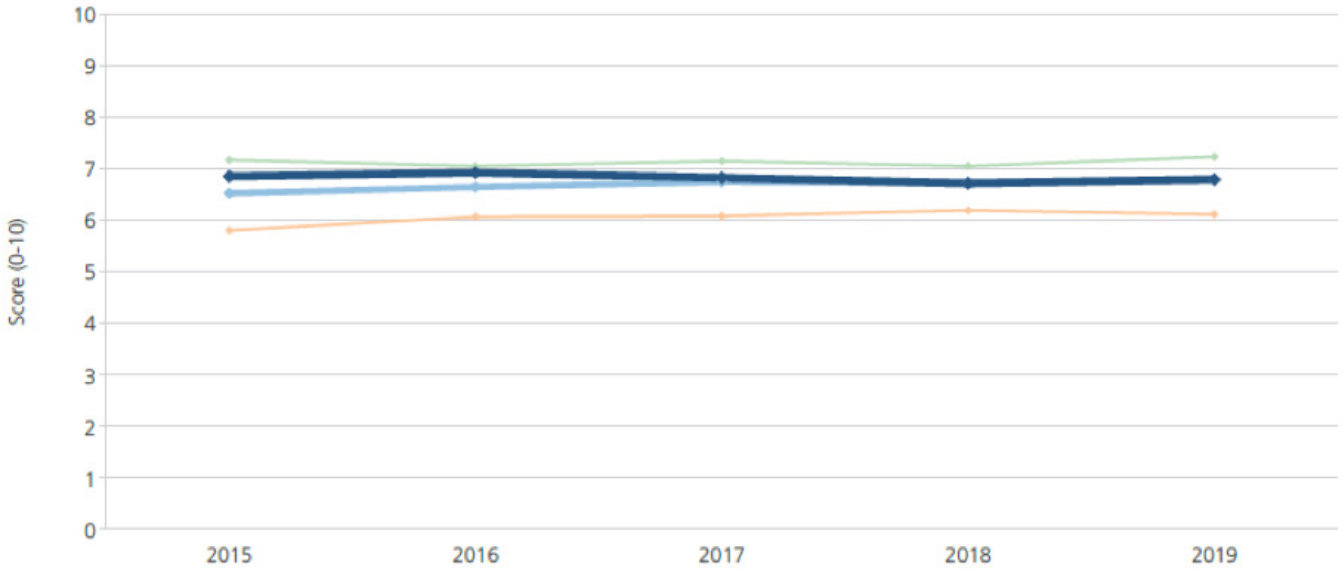
	2015	2016	2017	2018	2019
Best	8.6	8.4	8.6	8.4	8.3
Your org	8.1	8.0	8.0	7.8	7.8
Average	7.9	8.0	8.0	7.9	8.0
Worst	7.5	7.4	7.4	7.5	7.4
Responses	2,090	2,212	2,902	2,856	3,121

Violence



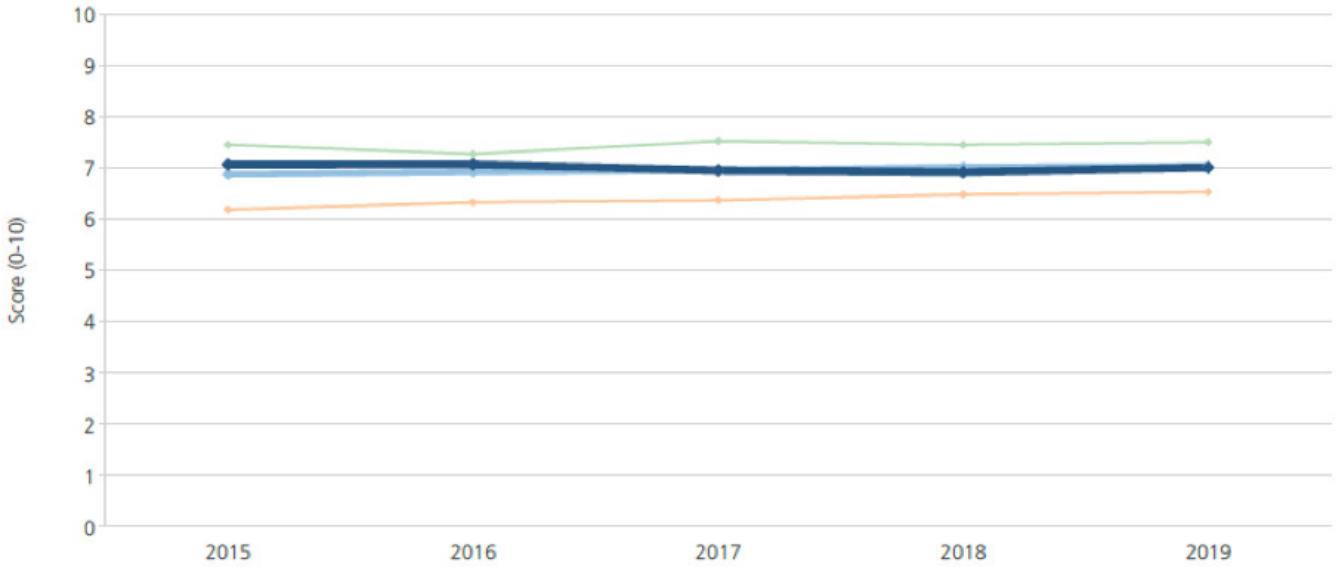
	2015	2016	2017	2018	2019
Best	9.6	9.6	9.6	9.7	9.5
Your org	9.4	9.5	9.5	9.5	9.4
Average	9.2	9.2	9.2	9.3	9.3
Worst	8.6	9.0	8.9	8.9	8.8
Responses	2,086	2,223	2,914	2,847	3,124

Safety culture



	2015	2016	2017	2018	2019
Best	7.2	7.1	7.1	7.1	7.2
Your org	6.8	6.9	6.8	6.7	6.8
Average	6.5	6.6	6.7	6.7	6.8
Worst	5.8	6.1	6.1	6.2	6.1
Responses	2,098	2,233	2,945	2,890	3,131

Staff engagement



	2015	2016	2017	2018	2019
Best	7.5	7.3	7.5	7.5	7.5
Your org	7.1	7.1	6.9	6.9	7.0
Average	6.9	6.9	7.0	7.0	7.0
Worst	6.2	6.3	6.4	6.5	6.5
Responses	2,123	2,265	2,983	2,997	3,235

NHS Oversight Framework

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

- quality of care
- finance and use of resources
- operational performance
- strategic change
- leadership and improvement capability (well-led).

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

Segmentation

The Trust has been placed by NHS Improvement under segmentation one. NHSI in its capacity as Monitor have not taken any regulatory action. They have advised that the rating reflects the CQC rating of 'good'. The Trust has a programme of work to address all remaining CQC concerns.

This segmentation information is CNWL's position as at 31 March 2020. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

Finance and use of resources

Finance and Use of Resources ratings (as determined by NHS Improvement for assessing Trusts) are allocated using a scorecard which compares key financial information. A rating of 1 reflects the lowest level of financial risk and a rating of 4 the greatest.

The Trust has met its financial ratings as per the Plan set by the Board of Directors, and the Regulator:

Capital Service Cover: This metric measures the revenue available to cover interest costs, as a multiple of interest costs. The Group had 3 times more revenue available than required for capital cover giving a risk score of 1.

Liquidity: The net value of current assets less current liabilities, compared to annual cash operating expenses. The Group reported a negative liquidity ratio but this is line with plan giving a risk score of 2.

Income and expenditure (I&E) margin: The degree to which an organisation is operating at a surplus or deficit. Adjusted surplus was 0.7% of turnover, giving a risk score of 2.

Distance from financial plan: This is measured as the difference between planned and actual I&E margin. Performance was 0.3% better than plan, giving a risk score of 1.

Agency spend – The regulator sets and annual cap on agency spend. Since total agency spend was within this cap of £16m the risk score is 1.

The Trust achieved an overall financial and use of resources risk rating score of 1.

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

Financial Performance

Annual Accounts have been prepared under an accounts direction issued by NHS Improvement under the National Health Service Act 2006. After making enquiries, the Directors have reasonable expectation that CNWL has adequate resource to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in the accounts.

The deficit for the year was £10.4m. After adjusting for impairment of non-current assets of £14.1m, PSF funding of £4.5m, and additional mental health funding of £1.7m, this gives an underlying deficit of £2.5m which is in line with plan.

Performance against the plan and prior year's performance is set out in the tables below.

Financial Performance	2019/20	
	Actual £m	Plan £m
Surplus/(Deficit) for year	(10.4)	1.6
PSF Funding	(4.5)	(4.1)
Mental Health funding	(1.7)	0.0
Impairment	14.1	0.0
Underlying Deficit for year	(2.5)	(2.5)

Financial Performance	2018/19	
	Actual £m	Plan £m
Deficit for year	(17.8)	(2.3)
Gain on sale of Assets	(2.1)	(2.1)
PSF Funding Core	(4.1)	(4.1)
PSF Bonus and Incentive	(3.5)	0.0
Impairment	22.8	5.0
Underlying Deficit for year	(4.7)	(3.5)

The Trust capital programme for 2019/20 was £23.7m which included investments in the physical estate and developments in IT systems.

Use of Resource Ratings

Finance and Use of Resources ratings (as determined by NHS Improvement for assessing Trusts) are allocated using a scorecard which compares key financial information. A rating of 1 reflects the lowest level of financial risk and a rating of 4 the greatest.

The Trust has met its financial ratings as per the Plan set by the Board of Directors, and the Regulator:

Capital Service Cover: This metric measures the revenue available to cover interest costs, as a multiple of interest costs. The Group had 3 times more revenue available than required for capital cover giving a risk score of 1.

Liquidity: The net value of current assets less current liabilities, compared to annual cash operating expenses. The Group reported a negative liquidity ratio but this is line with plan giving a risk score of 2.

Income and expenditure (I&E) margin: The degree to which an organisation is operating at a surplus or deficit. Adjusted surplus was 0.7% of turnover, giving a risk score of 2.

Distance from financial plan: This is measured as the difference between planned and actual I&E margin. Performance was 0.3% better than plan, giving a risk score of 1.

Agency spend – The regulator sets and annual cap on agency spend. Since total agency spend was within this cap of £16m the risk score is 1.

The Trust achieved an overall financial and use of resources risk rating score of 1.

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

Claire Murdoch CBE
Chief Executive
24 June 2020

Statement of the Chief Executive's responsibilities as the Accounting Officer of Central and North West London NHS Foundation Trust

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

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require [name] NHS foundation trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Central and North West London NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

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

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

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

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

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

Claire Murdoch CBE
Chief Executive
24 June 2020

Central and North West London NHS Foundation Trust

Annual Governance Statement 2019-20

Scope of Responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Central and North West London NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently , effectively and economically. The system of internal control has been in place in Central and North West London NHS Foundation Trust for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

As Chief Executive I have overall responsibility for risk management within the Trust, for meeting all statutory requirements and adhering to the guidance issued by NHS Improvement and the Department of Health in respect of governance.

The Executive Board, which I chair, has the remit to ensure the adequacy of the structures, processes and responsibilities for identifying and managing key risks facing the organisation, prior to discussion at the Board. The Board has considered its risk appetite and has been clear that it does not tolerate risks to the quality of service provision.

Day to day management of risks is undertaken by operational management, who are charged with ensuring that risk assessments are undertaken proactively throughout their area of responsibility and remedial action is carried out where problems are identified. There is a process of escalation to executive directors, relevant committees and governance groups for risks where there are difficulties in implementing mitigations.

To ensure all staff are aware of their responsibilities for risk, training is provided incorporating aspects of risk management and senior staff have been trained in the identification and management of clinical risk. In particular the training provides guidance for staff on the actions they can take once they identify a risk from tolerating a risk through to deciding it is so significant that immediate action is required. Staff are advised on how to escalate but are also reminded that this does not lessen their personal ownership. The development of local risk registers has served also to promote awareness and understanding of the identification of risks and their management across the Trust. The Internal Auditor's review the Trust's risk management processes annually and advise us on developments to our practice in accordance with best practice.

Many of the risks in service line risk registers also appear on the top risk register, reflecting that the issues local services are facing are being recognised and captured corporately, and concurrently that local services are recognising the main difficulties being discussed corporately. All services review their risks regularly in their management meetings, which are jointly led by a Divisional Director and Divisional Medical Director and Divisional Nursing Director. The Executive Board reviews each Division quarterly and assessment of their ongoing risks is an integral part of these reviews.

The Risk and Control Framework

The Risk Management Policy sets out the organisation's approach to risk management, describes the structures for the management and ownership of risk.

Key to the effectiveness of risk management in the Trust is the Executive Board, comprising all the Executive Directors. This membership recognises the importance and high profile of risk management in the organisation and facilitates ownership at that level of the identification and management of risks on a continuing basis. Each Division is reviewed on a quarterly basis and the Executive Board considers the key risks identified within the division and the actions in place to mitigate them. This facilitates an integrated approach to governance and risk management issues.

Every year the Board of Directors reviews its key objectives for the coming years in the context of its appetite for risk and these are included in its Annual Plan. The Trust has an Assurance Framework, which provides it with a simple but comprehensive oversight of the management of the principal risks to meeting its objectives. This ensures the board is sighted through its performance management framework on the areas that represent the greatest threat to its strategic objectives. The Audit Committee reviews the Assurance Framework and underlying sources of assurance.

Local services are responsible for identifying local risks and these are assessed and recorded in Trust-wide risk registers. The risk registers contains details of risks including those relating to clinical, financial, health and safety and organisational risks.

Top risks are identified by Executive Directors and reported at every meeting of the Board of Directors. They are graded, in accordance with the process set out in the Risk Management Policy and actions developed to address them. Awareness of the top risks facing the organisation enables the Board to review the operation of the Trust and potential business opportunities in a way that helps them determine the level of risk appetite they have at any time. The Board is mindful of the need to consider its risk appetite when taking strategic decisions and the Audit Committee looks at risk appetite in the context of the Assurance Framework.

During 2019-20 the top risks facing the Trust have continued to include a range of business, quality and financial risks, all of which were considered at the Board's bi-monthly meetings. The Finance & Performance Committee, the Quality Committee and the Workforce Committee review, at their meetings, key risks identified by services relating to their particular spheres of interest.

Since March 2020 Covid-19 has become a key risk for the Trust impacting across the Trust's existing functions. The Board has been regularly updated on this and the top risk register has been amended to include this as a top risk. The Assurance Framework has also been reviewed to ensure that the impact of the pandemic is appropriately reflected. While there has been a significant impact on the Trust our emergency arrangements were put into place with a key gold/silver/bronze control framework, core existing services were protected and new services opened to facilitate early discharge form acute services. Wherever possible services were delivered in the community. As the peak of the pandemic passes systems are being put in place to design and implement a new normal. This will be done in consultation with our staff and with the wider heath economy and our patient and carer stakeholders.

The Trust has strong quality governance in place. This starts with the Trust strategy which aims to put the patient at the heart of everything we do. The board itself starts each meeting with a patient's story and spends a significant proportion of Board time on quality. The Trust has an integrated dashboard which is used from team level up to the Board. Performance is assessed against national standards, previous performance and against benchmarking where this is available. Where performance dips against any of these indicators it will be scrutinised at local level, by the Divisional management and by the relevant Committee who will keep the Board informed of any significant variations.

The Care Quality Commission's last full inspection was in April 2019 and they published their report in June. Overall the Trust was rated as Good with the domains safe, effective, responsive and well led all being rated Good and Caring being rated as Outstanding. Whilst the Trust was pleased with this rating we have retained maintaining the quality of service as a key risk for the Trust. This is evidence of the level of focus the Board gives to quality of service provision. The CQC as part of their inspection did identify a number of areas for improvement and action has been taken in all these areas. The CQC are now implementing a different model of inspection and engagement and will be inspecting services on a regular basis. In addition there will be a CQC well led review in May 2020. Compliance is monitored by the Executive Board and the Quality Committee and we are confident that the Trust is compliant with our registration requirements.

The Trust is fully compliant with the registration requirements of the Care Quality Commission.

The Trust has a culture of openness and transparency and actively encourages incidents to be reported on Datix. In the year to date there were 20,867 incidents reported of which 20134 were of low or no harm. We believe that this enables staff to identify potential safety risks at an early stage and put in place mitigating actions.

The trust has had a very successful year working with our QI partner. Over 1,476 staff have now joined our online QI community, Life QI Platform, and 30 projects have been completed. Currently 289 projects are being undertaken with over 30% of these having active service user and carer involvement. Over 230 active and completed projects have shown improvement with 80 of these showing significant improvement. We are very pleased that front line staff have seen the benefits to both their own working practice and to patient experience derived from these projects. While many projects will continue to be suggested, led and delivered by front line staff we are now also working on more trust wide projects.

Workforce is on our top risk register and the recruitment, retention and training of our staff remains our top priority. Services have bespoke action plans to deal with particular service issues and there is an overarching Trust initiative on recruitment and retention. It continues to be a significant priority to ensure that all our staff have regular training on key policies and procedures. We have been successful in our efforts, including introducing recruitment incentives and making our bank proposition more appealing, to reduce reliance on agency staff and are now consistently within the NHSI target for agency. There are some remaining hotspots where recruitment remains difficult including our prison services but we are now making sustained progress in these areas. We are reviewing the shape of our workforce and the focus in the coming year will be on developing new types of roles and employment models to enable us to meet future demands. This includes physician associates, apprenticeships, nurse rotations and peer support workers. Undoubtedly the Covid-19 pandemic has increased pressure on our workforce and despite being quick to redeploy staff where possible there has been some temporary increased reliance on agency. We have also implemented a range of measures aimed at protecting the welfare of staff and helping them cope at this very challenging time. This work will continue post pandemic and will be overseen by the Workforce Committee.

The Trust complies with the 'Developing Workforce Safeguards' recommendations in a number of ways. It is of course a priority to deploy sufficient suitably qualified staff in all our services. We are of course affected by national shortages of some specific professional groups and we deploy these professionals in such a way as to effectively manage service delivery. Our commitment to developing alternative roles and our engagement with the apprenticeship scheme demonstrates our commitment to developing effective multidisciplinary teams. We have a systematic approach to determining the number of staff required by our wards and report to the Quality Committee and the Board on our compliance with safer staffing on our wards. The Director of organisational Development and People Strategy ensures that the Trust remains compliant with any legislative changes and guidance issued by our regulators. Our Divisions review the workforce requirements for their services and report through their quarterly reviews on any identified risks. Any reductions in workforce require a quality impact assessment prior to implementation. Our workforce strategy reflects the NHS Long Term Plan and the ambitions of our STPs. We are aware that we need to further develop our systems and processes particularly in respect of using accredited tools to benchmark our staffing, systematizing our escalation processes and further developing our reporting to the Board and its committees. We are working with the NHSI national lead on these developments.

The Executive Board will monitor both the achievement of workforce targets and the outcomes associated with them. For instance the percentage of staff trained and the patient feedback on their experience. We have set up a separate Workforce Committee which will focus on ensuring that our people plan is innovative and forward looking. The Committee will also regularly interrogate workforce information and will check on how far this information is being utilised by front line teams. The Executive Board will continue to drive the workforce agenda as the programme board for workforce.

The financial and business risk presented by the health economy nationally and locally is an ongoing one, and is being addressed through significant senior management time being invested in relationship management and engagement with the Trust's main commissioning partners and other stakeholders. 19-20 has again been a very challenging year but we have achieved the NHSI control total. We have an established Finance Savings Group as an additional measure to give focus and support to achieving tighter financial control

across the Trust. We have an monthly executive scrutiny process and the Finance & Performance Committee monitors financial performance monthly and reports to the Board. NHS Improvement are assured that the Trust is doing all it can to effectively manage its financial position while meeting quality priorities.

The Board is mindful of the changes in the NHS landscape and is committed to the Trust working in partnership with other agencies to develop approaches to place based care which best meet the needs of the population it serves. This includes working collaboratively with other providers to deliver contracts, being an active partner in Accountable Care Partnerships and working with STPs to design and deliver care systems.

The Trust is engaged with a number of partners to deliver services across its footprint. We have also taken on responsibility for the commissioning of North London Eating Disorder services Provider Collaboratives (PC), piloted as New Care Mode whose aim is to address pathway fragmentation by empowering local systems to work in partnership. Additionally we will be working with West London MH Trust to review the total spend on mental health provision in NW London.

The Trust has ensured that its priorities are aligned with those of its STPs. Prevention – including a focus on children's mental and physical health care; maternity; Development of community provision (mental and physical health) including local authority and primary care; Mental health; Redesign of hospital care; Response – urgent and emergency care. Our key enablers are Digitisation; System architecture; Workforce; Estates and Engagement .

Within this the Board has identified 10 priorities for the coming year. Community Mental Health; CAMHS; Crisis and Urgent Care; Community Services; Redesign of some of our inpatient spaces; Taking on commissioning roles; Working with our regional footprints – NWL, NCL and BLMK and Digital development.

The Board is also mindful of its responsibility to maintain clear lines of accountability particularly in respect of governance, quality governance and financial control.

The Trust has established a wholly owned subsidiary to manage its estates and facilities as we believe that this will be the most effective way to ensure that we can continue to provide high quality environments for our patients and staff. Our service will also be available to other service providers particularly those within our STP areas.

The trust has recently changed its key partners for the provision of ICT across the Trust. This transition was completed in November 2019 . While the process was smooth there are still some outstanding issues which are now being addressed. In addition the Trust has commenced a process of updating the operating system by implementing Windows10 across the workforce. The cost of the current system does pose a cost pressure in 19-20 and 20-21 but thereafter are projected to be within budget. The Trust has benchmarked its costs with other similar organisations. We are also focussing on utilising our new equipment and the additional capacity it provides to deliver better patient care. We have a Chief Clinical Information Officer in post to ensure that developments are clinically led. Many of our services already use leading edge technology and we intend to spread such innovation across the Trust. One of the drivers behind the major ICT programme was to put the Trust in a position where it is using leading edge equipment including high standards of data security. We continue to ensure that all staff undergo annual IG training and routinely share learning across the Trust on any IG breaches that take place. The number of IG incidents is used to assess the success of the training and learning. We have appointed a Statutory Data Protection Officer to ensure that we are fully compliant with the requirements of GDPR.

The Trust is able to assure itself of its compliance with the NHS Improvement licence as regards governance through having a well-established board committee structure, schedule of matters reserved to the board and its committees and a scheme of delegation explaining its corporate governance arrangements, roles and responsibilities, reporting lines and accountabilities throughout the organisation. Operational and financial performance and effectiveness and compliance with healthcare and other regulatory standards are monitored monthly by the Executive Board and bi-monthly by the Board. The remit of the Board, its committees and the Executive Board includes oversight of Trust business planning processes and risks to their achievement, quality standards and risks to their achievement and there are systems in place for escalating and resolving issues of concern, which include incident reporting and management of serious incidents, near misses, complaints and concerns. The Board is assured about the effectiveness of these systems through regular review by the Trust's internal auditors.

Prior to agreeing its annual governance statement the Board reviews evidence against the NHSI code of quality Governance and the NHSI code of governance It also reviews its scheme of delegation including the terms of reference of its committees. The Board reviews the accountability framework which sets out the way divisional governance operates within the trust and receives assurance from the divisional directors that the framework is being applied. The Board also annually reviews its own performance.

The annual governance statement itself is reviewed by the Audit Committee with both External and Internal Audit being asked for comment. It is then reviewed by the Board prior to self-certification to the regulators and its inclusion in the Annual Report and Accounts.

The Trust has a Divisional Structure in place. All Divisions operate in line with the Accountability Framework which sets out clear expectations for how quality is managed at team/ward level and how issues are then escalated to the Divisional Board. Operational, Clinical and Nursing management are working closely together at each level in the organisation. The Divisions report in detail on their performance to the Executive Board on a quarterly basis. Non Executive Directors are welcome at these sessions.

All major changes and any savings proposals are required to include a quality impact assessment. These are reviewed by the Medical Director and the Chief Nurse and are then reported to the Quality Committee.

Public stakeholders are involved in managing risks which impact on them through a range of different means. The regular service user surveys produce a large amount of data that illustrate service user experiences, which contribute to the formation of actions to drive up quality and ultimately reduce risk. The Board of Directors receive a report on service user experience at each meeting held in public. A Carer Council, has also been established.

Service users and carers have been involved in monitoring key quality indicators as part of the Quality Account through involvement in local care quality groups. The Trust holds regular meetings with its CCGs where performance against quality indicators is monitored. Some of these are directly connected to risk in terms of ensuring that our services are provided with clear attention to patient safety and active management of risk. Local Implementation teams/partnership groups are coordinated by our commissioners and feed into the prioritisation of services.

The Trust has published an up-to-date register of interests for decision making staff within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance. The Trust will utilise the new ESR tool developed by NHSE to streamline this process.

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

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

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

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

The Trust has a range of processes to ensure that resources are used economically, efficiently and effectively. This includes clear and effective management and supervision arrangements for staff, regular reporting to the Board on quality, operational performance and finance, with further review and scrutiny on a monthly basis at meetings of the Quality and Performance Committee and Business and Finance & Performance Committee of the Board of Directors.

The Trust has an agreed risk-based annual audit programme with the Trust's internal auditors. These audit reports are aimed at evaluating our effectiveness in operating in an efficient and effective manner and are focused on reviewing our operational arrangements for securing best value and optimum use of resources in respect of the services we provide.

We are continuing to improve the efficiency of the back office both by internal projects and in collaboration with our STP partners. We have in place governance systems to both challenge and support operational and corporate staff in identifying and delivering the required level of savings. The Executive Board monitors progress on a monthly basis

Information Governance

The Trust has an Information Governance Programme Board, chaired by the Medical Director, which is the principal body overseeing the management of information risks. This group has a reporting line into the Executive Board. It oversees the Trust's Information Governance Toolkit action plan. Exception reports and serious incidents relating to information management are reported to the Information Governance Programme Board.

There were no level 2 incidents reported to the Information Commissioner to date in 2019-20.

Annual Quality Report

At the time of writing timetable for the production of quality accounts has been delayed but the Trust will comply with any regulations/guidance issued in respect of quality accounts for 19-20. The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. NHS Improvement (in exercise of the powers conferred on Monitor) has issued guidance to NHS foundation trust boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual.

The following steps have been put in place to assure the Board that the Quality Report presents a balanced view and that there are appropriate controls in place to ensure the accuracy of data:

The Board has a Quality Committee chaired by a non-executive director with board director membership. The annual quality report is considered by the Quality committee and includes input from a wide range of internal and external stakeholders to ensure it presents a balanced view.

The Quality committee reviews its performance against the NHS Improvement Quality Governance framework.

The Trust employs a range of staff that possess the skills, experience and capability to deliver the quality priorities.

Quality priorities are identified both external by key stakeholders and internally within the Trust. Key performance indicators and targets are set to measure delivery, which are reported to and monitored by the Quality and Performance committee in the joint quality and performance report which is published quarterly. This is also considered by the Council of Members and made public via the Trust website.

There is ongoing investment in information technology to deliver better patient care and provide performance and management information to review and report on our quality indicators is an integral part of our strategy and a priority workstream which will enhance data quality, management reporting and support our transformation programme going forward.

Review of effectiveness

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

The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by internal and external audit reports and the core standards self-assessment declaration. This is in addition to the work of executive managers within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework.

The Assurance Framework has been reviewed by the Trust's internal auditors. They have confirmed that an Assurance Framework has been established which is designed and operating to meet the requirements of the 2019-20 Annual Governance statement and provides substantial assurance that there is an effective system of internal control to manage the principal risks identified by the organisation.


Central and North West London NHS

The Board maintains continuous oversight of the effectiveness of the Trust's risk management and internal control systems. It meets every other month, with all of the meetings being open to the public. It has as a standing item on the agenda reports on the areas of financial management, risk management and performance management. It regularly receives the minutes of meetings or reports of its committees and an update on progress against its strategic objectives.

The Audit Committee oversees the effectiveness of the overall system of integrated governance, risk management and internal control. On behalf of the Board, it independently reviews the effectiveness of risk management systems in ensuring all significant risks are identified, assessed, recorded and escalated as appropriate. Responsibility for risk management rests with the Executive Board. The Audit Committee regularly receives reports on internal control and risk management matters from the internal and external auditors.

There is a full programme of clinical audit which is agreed by the Quality and Performance Committee. The trust has been the subject of a review by the CQC and has been rated as 'Good' . The trust has actions in place to address areas of residual underperformance identified by the inspectors .

The Trust reviews growth opportunities as they arise and continues to acquire discreet services, as they are put out to tender. We look for services which complement our existing portfolio and where we feel that the trust has the skills and experience to provide for the service user group. Once new services are acquired, policies and procedures are safely aligned and although the NHSLA no longer operates the regime of assessing trusts against Levels 1 2 and 3 the Trust continues to aspire to having systems and processes in place which would have been consistent with Level 2. All new services will have a 100 day plan to ensure that all quality and governance issues are addressed until the service is safely integrated into a divisional structure.

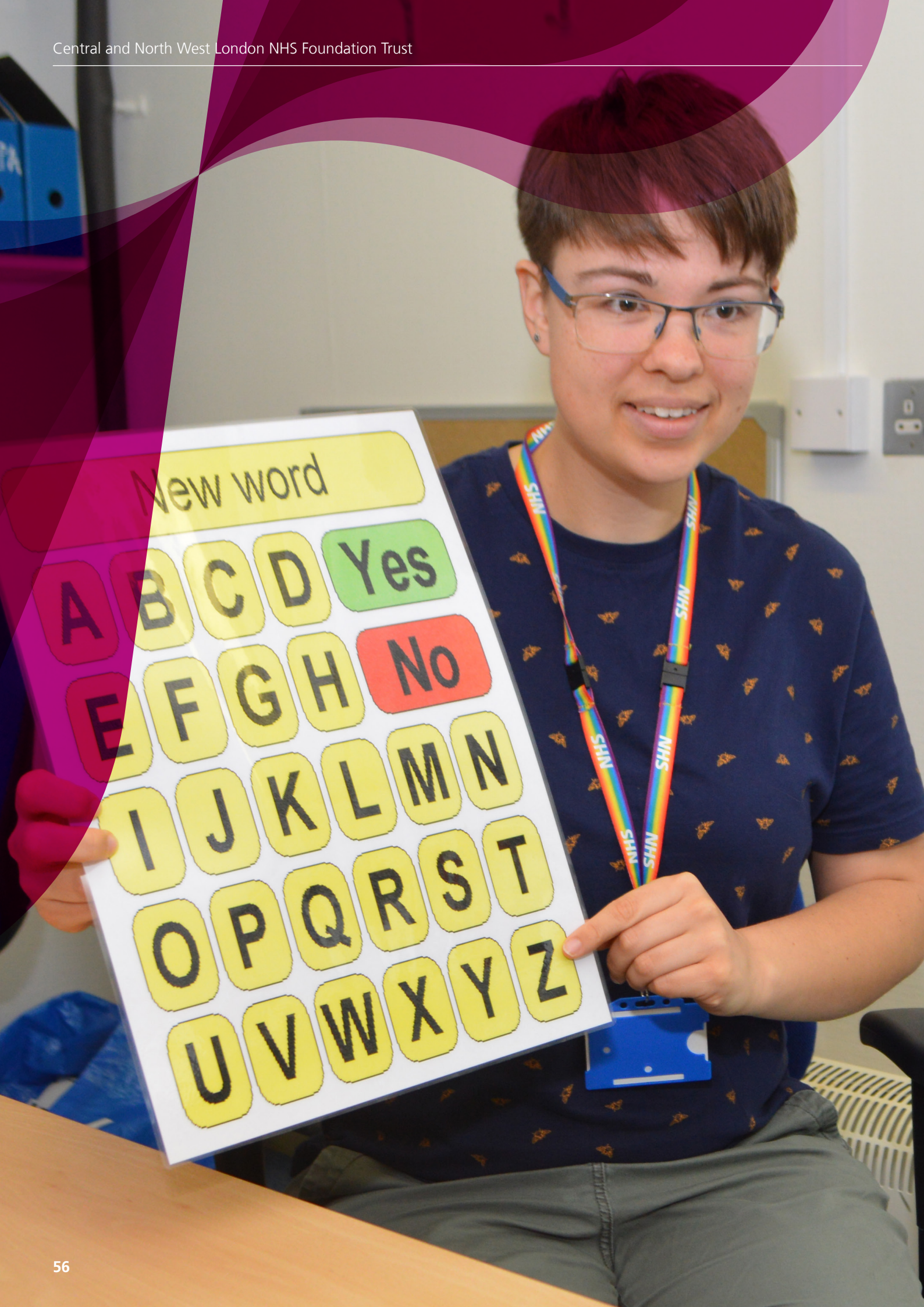
Conclusion

Despite the significant impact of Covid-19 no significant control issues have been identified but the Trust is committed to the continuous improvement of its governance and assurance arrangements to ensure that systems are in place which ensure risks are correctly identified and managed and that serious incidents and incidences of non-compliance with standards and regulatory requirements are escalated and subject to prompt and effective remedial action so that the patients, service users, staff and stakeholders of Central and North West London NHS Foundation Trust can be confident in the quality of the services we deliver and the effective, economic and efficient use of resources. I am satisfied that the systems outlined in this statement provide assurance and that we have effective systems of internal control. The Board recognises that the coming year is likely to be exceptionally challenging and in that environment it will be more important than ever to ensure that our governance and control systems are in place and actively utilised.

Claire Murdoch CBE
Chief Executive
24 June 2020

Annual accounts

For the year ended 31 March 2020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Independent auditor's report

to the Council of Governors of Central and North West London NHS Foundation Trust

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Our opinion is unmodified

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

In our opinion:

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

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

Basis for opinion

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

Overview		
Materiality: Group financial statements as a whole	£10m (2018/19: £9.9m) 2% (2018/19: 2%) of operating income	
Coverage	100% (2018/19: 99%) of operating income	
Risks of material misstatement		**vs 2018/19**
Recurring risks	Revenue recognition	◀▶
	Valuation of land and buildings	◀▶
	Expenditure recognition	◀▶

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

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below, the key audit matters (unchanged from 2018/19), in decreasing order of audit significance, in arriving at our audit opinion above together with our key audit procedures to address those matters and our findings from those procedures in order that the Trust's governors as a body may better understand the process by which we arrived at our audit opinion . These matters were addressed, and our findings are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

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

	The risk	Our response
Valuation of land and buildings (£198.5 million; 2018/19: £231.1 million) *Refer to page 21 (Audit Committee Report), page 73-75 (accounting policy) and page 91 (financial disclosures)*	**Subjective valuation** Land and buildings are required to be held at fair value. As hospital buildings are specialised assets and there is not an active market for them they are usually valued on the basis of the cost to replace them with an equivalent asset. When considering the cost to build a replacement asset the Group may consider whether the asset would be realistically built to the same specification or in the same location. The Group and Trust engaged a professional valuer to carry out a full valuation of its land and buildings as at 1 April 2019. The Group and Trust also confirmed with their valuer as to whether there were any indicators of a material movement in asset values between the valuation date and 31 March 2020. The valuation figures included in the Group accounts are estimates. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of land and buildings has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. As part of developing the valuation the Trust makes judgments about how the asset would be replaced. A key judgment relates to whether VAT would be able to be reclaimed were the Trust to replace their current sites. The Trust has prepared its valuation net of VAT for those assets which are owned by Quality Trusted Solutions (where VAT might reasonably be reclaimed). For other assets valuations are gross of VAT. Valuations are inherently judgmental. There is a risk that the methodology, assumptions and underlying data, are not appropriate or correctly applied.	Our procedures included: **Assessing valuer's credentials:** We critically assessed: — The expertise and qualifications of the valuers engaged by the Group and Trust. — We inspected the instructions for preparing the valuation to confirm that it was prepared in accordance with the requirements of the RICS Red Book and the Department of Health and Social Care Group Accounting Manual. **Enquiry of valuation specialists:** We enquired with the Trust's valuation specialists whether there were any indicators of material movement in asset values between the valuation date (1 April 2019) and the year end (31 March 2020). **Substantive analytical procedure:** We carried out a substantive analytical procedure to review the depreciation charge at an individual asset category level. **Methodology choice:** We critically assessed the assumptions used in preparing the valuation of the Group and Trust's land and buildings, using our own valuation specialist, to understand whether these were appropriate. **Tests of detail:** We undertook the following tests of detail: — We inspected the accuracy of the floor data submitted to the valuer through comparison to data provided in the prior year; — We critically assessed how management and the valuer assessed the need for an impairment across the asset base either due to loss of value or reduction in future benefits; — We confirmed for a sample of assets added to the portfolio during 2019/20 that an appropriate valuation basis was adopted when assets became operational and confirmed that it was reasonable to expect that the Group and Trust would receive future benefits; — We used industry standard indices to assess any material change to the valuation between the valuation date (1 April 2019) and the year end (31 March 2020). **Our findings** — We found the valuation of land and buildings to be balanced (2018/19 result: optimistic). A misstatement over £300,000 was identified and corrected.

	The risk	Our response
Revenue recognition (£515.2 million; 2018/19: £465.2 million) *Refer to page 21 (Audit Committee Report), page 72 (accounting policy) and page 83-84 (financial disclosures)*	**2019/20 income:** Of the Group's reported total income, £438.5 million (2018/19: £400.5m) came from commissioners (Clinical Commissioning Groups (CCG) and NHS England). Four CCGs and NHS England make up 30% (2018/19: 30%) of the Group's income. The Group and Trust receives income on a block contract basis so there is certainty in the future forecasts at the start of the financial year but variations can occur. Other performance based income, such as the Provider Sustainability Fund and Financial Recovery Fund, is received from NHS Improvement (via local CCGs). This results in estimates being required at the year end. Income from NHS England and CCGs is captured through the Agreement of Balances exercises performed at months 6, 9 and 12 to confirm amounts received and owed. Mismatches in income and receivables are recognised by the Group and Trust and its counterparties to be resolved. Where mismatches cannot be resolved they can be reclassified as formal disputes. Income in relation to patient care activities from Local authorities was £53.2m in 2019/20 (2018/19: £48.5m). Income from local authorities presents a greater risk to the Trust as this income can take longer to collect meaning there is more judgement regarding the level to recognise at the year end. The Trust is eligible for additional revenue (matched to additional expenditure incurred as a result of Covid-19) in 2019/20.	Our procedures included: **Control operation:** We undertook the following testing to understand whether controls had operated effectively during the period: — For the Group and Trust's five largest commissioners we inspected documentation to confirm that contracts had been agreed for the delivery of services; — For the Group and Trust's five largest commissioners we considered whether contract activity had been agreed with the commissioners and there were no significant contract variations; — We considered the extent to which the Trust has agreed the income it was entitled to for 2019/20 through its participation in the Agreement of Balances exercise. **Tests of detail:** We undertook the following tests of detail: — We inspected supporting documentation for variances over £300,000 arising from the Agreement of Balances exercise to critically assess the Group and Trust's accounting for disputed income; — For income not included within the agreement of balances exercise we inspected supporting evidence (including invoices and receipt of cash) for a sample of transactions recorded during the year; — We inspected a sample of income receipts made at the end of the financial year to assess whether they have been recorded within the correct period (including specifically considering Covid-19 related spend); — We inspected the Group's bank statements and the year-end confirmation received from NHS Improvement of the Group and Trust's entitlement to Provider Sustainability Funding and Financial Recovery Funding for 2019/20 where relevant; and — We inspected the prudence applied for the Group and Trust's calculation of accrued income that had commenced but had not been completed at 31 March 2020 to assess the accuracy of the data used and calculation of the income the Group and Trust was entitled to. **Our findings** — We found no errors which are above our £300,000 reporting threshold (2018/19 result: no errors above our £300,000 reporting threshold).

	The risk	Our response
Expenditure recognition (£566.1 million; 2018/19: £519.9 million) *Refer to page 21 (Audit Committee Report), page 73 (accounting policy) and page 97 (financial disclosures)*	**Effects of irregularities** In the public sector, auditors also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period). This may arise due to the audited body manipulating expenditure to meet externally set targets. As the Group and Trust fulfils some of the characteristics of a governmental body there is as much focus on the expenditure being incurred as the generation of revenue. The risk of material misstatement due to fraud related to expenditure recognition may therefore be as significant as the risk of material misstatements due to fraud related to revenue recognition and so we have had regard to this when planning and performing audit procedures. We consider this risk to relate to the completeness of the expenditure recorded as there may be an incentive to seek to defer expenditure in order to achieve financial targets. This risk does not apply to all expenditure in the period. The incentives for fraudulent expenditure recognition relate to achieving financial targets and the key risks relate to the manipulation of creditors and accrued non-pay expenditure at year-end, as well as the completeness of the recognition of provisions or the inappropriate release of existing provisions. For the Trust expenditure with other NHS bodies this is captured through the AOB exercises performed at months 6, 9 and 12 to confirm amounts owed. Mismatches in ~~e~~xpenditure and payables are recognised by the Trust and its counterparties to be resolved. Where mismatches cannot be resolved they can be reclassified as formal disputes. The Group and Trust agreed a target for its financial performance with NHS Improvement for 2019/20, achievement of which entitled it to Provider Sustainability Funding and Financial Recovery Funding. There may therefore be an incentive to defer expenditure or recognise commitments at a reduced value in order to achieve the control total agreed with NHS Improvement. The Trust incurred additional expenditure as a result of Covid-19 in 2019/20 largely related to staff costs. The Trust is required to submit returns to NHSI / E detailing additional expenditure related to Covid-19.	Our procedures included: **Historical comparison:** We considered the trend in accruals compared to the prior period to assess the accuracy of the accruals made in previous years. Where accruals were included in the prior year but not in 2019/20 we critically assessed the reason for an accrual not being made at 31 March 2020. **Assessing transparency:** We reviewed the minutes of the Remuneration Committee (a sub-committee of the Board) and confirmed that senior staff are not remunerated based upon financial or operational results. **Control operation:** We tested the design and operation of process level controls over expenditure cut off. **Tests of detail:** We undertook the following tests of detail: — Inspected a sample of transactions incurred around the end of the financial year to critically assess whether they had been included in the correct accounting period. This covered a sample of Covid-19 related expenditure as well as non Covid-19 related expenditure. — Inspected a sample of accruals made at 31 March 2020 for expenditure not yet invoiced to understand whether the valuation of the accrual was consistent with the value billed after year end; — Tested a sample of expenditure transactions through to supporting documentation and cash payments; and — Assessed the outcome of the AOB exercise with CCGs and other bodies within the DHSC Group and compared the values reported with the value of the expenditure captured in the financial statements. **Our findings** — We found no errors which are above our £300,000 reporting threshold (2018/19 result: no errors above our £300,000 reporting threshold).

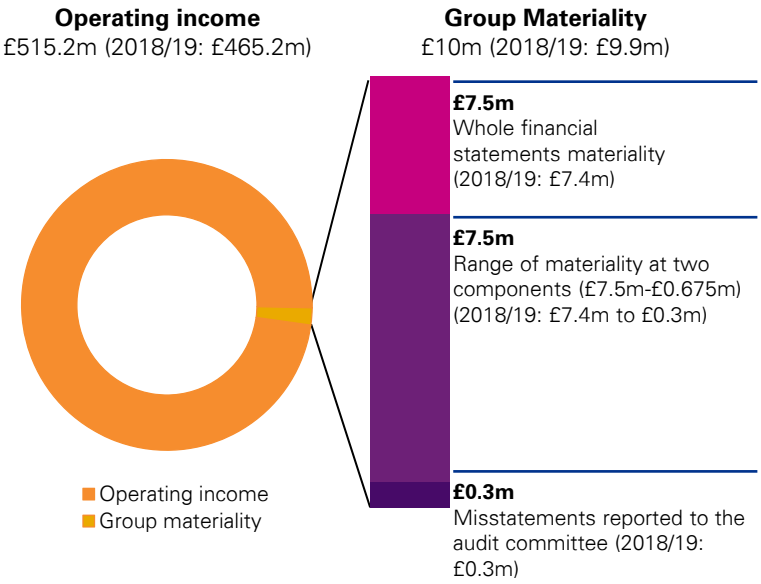
3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £10 million (2019: £9.9 million), determined with reference to a benchmark of operating income (of which it represents approximately 2%). We consider operating income to be more stable than a surplus- or deficit-related benchmark.

Materiality for the parent Trust's financial statements as a whole was set at £7.5 million (2019: £7.4 million), determined with reference to a benchmark of operating income (of which it represents approximately 2%).

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

Of the group's two (2019: two) reporting components, we subjected one (2019: one) to full scope audits for group purposes and one (2019: one) to specified risk-focused audit procedures. The components within the scope of our work accounted for the percentages illustrated opposite.



4. We have nothing to report on going concern

The Accounting Officer has prepared the financial statements on the going concern basis as they have not been informed by the relevant national body of the intention to dissolve the Group or the Trust without the transfer of its services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Accounting Officer's conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the Trust will continue in operation.

In our evaluation of the Accounting Officer's conclusions, we considered the inherent risks to the Group's and Trust's business model, including the impact of Brexit, and analysed how those risks might affect the Group's and Trust's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if we have anything material to add or draw attention to in relation to the Accounting Officers statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Trust's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

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

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

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

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

Remuneration report

In our opinion the part of the remuneration report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2019/20.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Group's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2019/20, is misleading or is not consistent with our knowledge of the Group and other information of which we are aware from our audit of the financial statements.

We have nothing to report in these respects.

6. Respective responsibilities

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 46, the Accounting Officer is responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Group and parent Trust without the transfer of their services to another public sector entity.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

We have nothing to report on the statutory reporting matters

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

- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006.
- any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit.

We have nothing to report in these respects.

We have nothing to report in respect of our work on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

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

We have nothing to report in this respect.

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

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the 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. We planned our work in accordance with the Code of Audit Practice and related guidance. Based on our risk assessment, we undertook such work as we considered necessary.

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

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

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

The significant risks identified during our risk assessment are set out below together with the findings from the work:

	The risk	Our response
Integration of community services	The community services contract the Trust has taken on represents new activity. It is therefore important that the Trust has appropriate controls in place to monitor the level and quality of activity provided as part of these services to ensure the services are effective, efficient, and economical.	Our procedures included: **Critical assessment:** We critically assessed whether: — The Trust has appropriate governance arrangements in place for ECS (such as contract management meetings); — The Trust effectively monitors data from services covering activity, quality and safety; and — The Trust monitors financial data related to the new services. **Our findings** — This did not highlight any weaknesses in the Trust's arrangements for securing value for money through its use of resources.

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

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

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Central and North West London NHS Foundation Trust in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office.

Richard Hewes
for and on behalf of KPMG LLP (Statutory Auditor)

Chartered Accountants
15 Canada Square
London
E14 5GL

24 June 2020

KPMG

Foreword to the accounts

These accounts, for the year ended 31 March 2020, have been prepared by Central and North West London NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

Claire Murdoch CBE
Chief Executive
Date: 24/06/2020

Statement of Comprehensive Income

		Group	
		2019-20	2018-19
	Note	£000	£000
Operating income from patient care activities	2	515,273	465,247
Other operating income	2.4	38,759	42,883
Operating expenses	3.1	(558,003)	(519,912)
Operating surplus/(deficit) from continuing operations		**(3,971)**	**(11,782)**
Finance income	8	264	127
Finance expenses	8.1	(81)	(64)
PDC dividends payable		(6,628)	(8,231)
Net finance costs		**(6,445)**	**(8,168)**
Other gains / (losses)	9	-	2,137
Surplus / (deficit) for the year from continuing operations		**(10,416)**	**(17,812)**
Surplus / (deficit) for the year		**(10,416)**	**(17,812)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	13.6	(41,984)	(15,833)
Revaluations	13.6	3,081	27,352
May be reclassified to income and expenditure when certain conditions are met:			
Total comprehensive expense for the period		**(49,319)**	**(6,293)**
Deficit for the period attributable to:			
Central and North West London NHS Foundation Trust		(10,416)	(17,812)
TOTAL		**(10,416)**	**(17,812)**
Total comprehensive expense for the period attributable to:			
Central and North West London NHS Foundation Trust		(49,319)	(6,293)
TOTAL		**(49,319)**	**(6,293)**

Statement 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	12.1	30,854	30,407	30,743	30,338
Property, plant and equipment	13.1	193,643	235,294	164,994	193,080
Receivables Loan	16.1	-	-	45,168	45,168
Other assets Finance lease	13.7	-	-	28,641	45,168
Total non-current assets		**224,497**	**265,701**	**269,546**	**313,754**
Current assets					
Inventories	15	388	166	388	166
Receivables	16.1	55,144	55,755	55,560	59,037
Cash and cash equivalents	18.1	39,822	19,453	35,869	17,637
Total current assets		**95,354**	**75,374**	**91,817**	**76,840**
Current liabilities					
Trade and other payables	19	(80,716)	(62,213)	(79,633)	(62,704)
Borrowings	21	(724)	(725)	(724)	(725)
Provisions	24	(250)	(227)	(250)	(227)
Other liabilities	20	(15,572)	(13,745)	(15,095)	(13,745)
Total current liabilities		**(97,262)**	**(76,910)**	**(95,702)**	**(77,401)**
Total assets less current liabilities		**222,589**	**264,165**	**276,250**	**313,193**
Non-current liabilities					
Trade and other payables	19	(5,207)	(1,935)	(2,541)	(1,935)
Borrowings	21	(3,238)	(3,956)	(3,238)	(3,956)
Other financial liabilities	23	-	-	(45,168)	(45,168)
Provisions	24	(1,866)	(1,343)	(1,866)	(1,343)
Total non-current liabilities		(10,311)	(7,234)	(52,813)	(52,402)
Total assets employed		**212,277**	**256,931**	**212,847**	**260,791**
Financed by					
Public dividend capital		**148,032**	**143,367**	**148,032**	**143,367**
Revaluation reserve		33,571	73,214	33,571	73,215
Income and expenditure reserve		30,673	40,349	31,244	44,209
Total taxpayers' equity		**212,277**	**256,931**	**212,847**	**260,791**

The notes on pages 71 to 105 form part of these accounts.

Claire Murdoch CBE
Chief Executive
Date: 24/06/2020

Hannah Witty
Chief Finance Officer
Date: 24/06/2020

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

Group	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 – brought forward	**143,367**	**73,214**	**40,349**	**256,931**
Surplus/(deficit) for the year	-	-	(10,416)	**(10,416)**
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	-	(740)	740	-
Impairments	-	(41,984)	-	**(41,984)**
Revaluations	-	3,081	-	**3,081**
Public dividend capital received	4,665	-	-	**4,665**
Taxpayers' and others' equity at 31 March 2020	**148,032**	**33,574**	**30,673**	**212,277**

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

Group	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2018 – brought forward	**136,290**	**64,157**	**55,492**	**255,939**
Prior period adjustment	-	-	-	-
Taxpayers' and others' equity at 1 April 2018 – restated	**136,290**	**64,157**	**55,492**	**255,939**
Impact of implementing IFRS 15 on 1 April 2018	**-**	**-**	**-**	**-**
Impact of implementing IFRS 9 on 1 April 2018	**-**	**-**	**208**	**208**
Surplus/(deficit) for the year	**-**	**-**	**(17,812)**	**(17,812)**
Other transfers between reserves	-	(1,000)	1,000	**-**
Impairments	-	(15,833)	-	**(15,833)**
Revaluations	-	27,352	-	**27,352**
Transfer to retained earnings on disposal of assets	-	(1,462)	1,462	**-**
Public dividend capital received	7,078	-	-	**7,078**
Taxpayers' and others' equity at 31 March 2019	**143,367**	**73,214**	**40,349**	**256,931**

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

Trust	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2019 – brought forward	**143,368**	**73,214**	**44,210**	**260,792**
Surplus/(deficit) for the year	-	-	(10,557)	**(10,577)**
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	-	(740)	740	**-**
Impairments	-	(41,984)	-	**(41,984)**
Revaluations	-	3,081	-	**3,081**
Public dividend capital received	4,665	-	-	**4,665**
Other reserve movements	-	-	(3,149)	**(3,149)**
Taxpayers' and others' equity at 31 March 2020	**148,033**	**33,571**	**31,244**	**212,848**

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

Trust	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2018 – brought forward	**136,290**	**64,157**	**55,492**	**255,939**
Prior period adjustment				**-**
Taxpayers' and others' equity at 1 April 2018 – restated	**136,290**	**64,157**	**55,492**	**255,939**
Impact of implementing IFRS 15 on 1 April 2018				**-**
Impact of implementing IFRS 9 on 1 April 2018			208	**208**
Surplus/(deficit) for the year			(17,101)	**(17,101)**
Transfers by absorption: transfers between reserves		(1,000)	1,000	**-**
Impairments		(15,833)		**(15,833)**
Revaluations		27,352		**27,352**
Transfer to retained earnings on disposal of assets		(1,462)	1,462	**-**
Public dividend capital received	7,078			**7,078**
Other reserve movements			3,149	**3,149**
Taxpayers' and others' equity at 31 March 2019	**143,368**	**73,214**	**44,210**	**260,792**

Information on reserves

Public dividend capital

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

Revaluation reserve

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

Financial assets reserve

This reserve comprises changes in the fair value of financial assets measured at fair value through other comprehensive income. When these instruments are derecognised, cumulative gains or losses previously recognised as other comprehensive income or expenditure are recycled to income or expenditure, unless the assets are equity instruments measured at fair value through other comprehensive income as a result of irrevocable election at recognition.

Statement 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)		(3,971)	(11,782)	(4,112)	(11,782)
Non-cash income and expense:					
Depreciation and amortisation	3.1	11,880	8,932	11,880	8,932
Net impairments	4	14,121	22,803	14,121	22,803
(Increase) / decrease in receivables and other assets		692	1,457	3,564	1,095
(Increase) / decrease in inventories		(222)	192	(226)	192
Increase / (decrease) in payables and other liabilities		21,839	1,500	13,703	(624)
Increase / (decrease) in provisions		546	(1,197)	546	(1,197)
Other movements in operating cash flows		1	(54)	-	-
Net cash flows from / (used in) operating activities		**44,887**	**21,852**	**39,477**	**19,419**
Cash flows from investing activities					
Interest received		264	127	264	127
Purchase of intangible assets		(6,198)	(12,383)	(6,156)	(12,314)
Sales of intangible assets		-	-		-
Purchase of PPE and investment property		(15,672)	(12,012)	(12,440)	(11,464)
Sales of PPE and investment property		-	6,482	-	6,482
Net cash flows from / (used in) investing activities		**(21,606)**	**(17,785)**	**(18,333)**	**(17,169)**
Cash flows from financing activities					
Public dividend capital received		4,665	7,078	4,665	7,078
Movement on loans from DHSC		(719)	(719)	(719)	(719)
Interest on loans		(61)	(64)	(61)	(64)
Other interest		(20)	-	(20)	-
PDC dividend (paid) / refunded		(6,777)	(7,313)	(6,777)	(7,313)
Net cash flows from / (used in) financing activities		**(2,912)**	**(1,019)**	**(2,912)**	**(1,018)**
Increase / (decrease) in cash and cash equivalents		**20,369**	**3,048**	**18,232**	**1,232**
Cash and cash equivalents at 1 April – brought forward		**19,453**	**16,405**	**17,637**	**16,405**
Prior period adjustments			-		
Cash and cash equivalents at 1 April – restated		**19,453**	**16,405**	**17,637**	**16,405**
Cash and cash equivalents at 31 March	**18.1**	**39,822**	**19,453**	**35,869**	**17,637**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

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

Note 1.1.1 Accounting convention

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

Note 1.2 Going concern

These accounts have been prepared on a going concern basis. After making enquiries, the directors have a reasonable expectation that the NHS foundation 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. The impact of COVID-19 was felt by trusts at the very end of the 2019-20 financial year, with significant impact continuing into 2020/21. The Going Concern basis in this climate is reinforced by the revised Financial Arrangements in place by the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement to enable Trusts to concentrate and continue in operational existence.

Note 1.3 Interest in other entities

Charitable Funds

For the year to 31 March 2020, NHS Foundation Trusts had the option to consolidate the results of charities in which they hold a controlling interest and for which the transactions involved were considered to be material to the accounts of the Trust. The Trust is the corporate trustee of 'The Central and North West London Foundation Trust Charitable Funds'. The results of this charity have not been consolidated into the results of the Trust on the grounds of materiality. The total unaudited incoming resources for the year to 31 March 2020 were £395k and total net assets were estimated at £6,013k.

Subsidiaries

Quality Trusted Solutions (QTS) is a wholly owned subsidiary of Central and North West London NHS Foundation Trust (CNWL). QTS is a limited liability partnership (LLP) where the CNWL is the predominant partner with 99.99% ownership and CNWL Holdings Limited, set up with no purpose other than acting as the other required partner to the LLP. CNWL Holdings Limited itself is wholly owned by the Trust.The company was incorporated in September 2017 but commenced trading on 1st April 2018. CNWL has produced consolidated financial statement for 2019-20 for the group and as required has incorporated the trading activities of QTS.

Subsidiary entities are those over which the trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines.

Note 1.4 Revenue from contracts with customers

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

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

Note 1.4.1 Revenue from NHS contracts

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

Note 1.4.2 Revenue from research contracts

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

Note 1.4.3 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 the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Note 1.4.4 NHS injury cost recovery scheme

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

Note 1.4.5 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.

Note 1.4.5 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.

Note 1.5 Expenditure on employee benefits

Short-term employee benefits

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

Pension costs

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

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

Note 1.6 Expenditure on other goods and services

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

Note 1.7 Pooled Budgets

The Trust has entered into pooled budget agreements with the London Borough of Harrow. Under the arrangements, funds are pooled under section 75 of the National Health Service Act 2006 for joint activities. Each of the pools is hosted by the Trust. Payments for services provided by the Trust are accounted for as income from Local Authorities. In accordance with IFRS12 – the Trust accounts for its share of assets. liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement.

Note 1.8 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

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

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

Subsequent expenditure

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

Measurement

Valuation

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

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

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

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

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

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

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

Depreciation

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

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

Revaluation gains and losses

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

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

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

Impairments

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

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

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains. At each financial year end, the Trust 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.

De-recognition

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

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

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

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:

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

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met. Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's useful life is adjusted. The asset is de-recognised when scrapping or demolition occurs. The income on sale of an asset is only recognised when the actual proceeds due from the sale have been received.

Donated and grant funded assets

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

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

Useful lives of property, plant and equipment

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

	Min life	Max life
	Years	Years
Buildings, excluding dwellings	1	81
Plant & machinery	7	11
Transport equipment	3	3
Information technology	5	12
Furniture & fittings	10	23

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

Note 1.9 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the trust and where the cost of the asset can be measured reliably and where the cost is at least £5000.

Internally generated intangible assets

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

Expenditure on research is not capitalised: 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.

Software

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

Measurement

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

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

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

Amortisation

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

Useful lives of intangible assets

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

	Min life	Max life
	Years	Years
Development expenditure	3	12
Software licences	10	12

Note 1.10 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method.

Note 1.11 Cash and cash equivalents

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

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

Note 1.12 Financial assets and financial liabilities

Recognition

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

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

Classification and measurement

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

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

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

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

Financial assets and financial liabilities at amortised cost

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

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

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

Financial assets measured at fair value through other comprehensive income

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

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

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

Impairment of financial assets

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

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

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

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

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 Trust 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 Trust does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies.

Other financial liablities

The average relevant net assets is 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 trust's group accounts (i.e. including subsidiaries), but excluding consolidated charitable funds.

Derecognition

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

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

Note 1.13 Leases

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

The trust as a lessee

Finance leases

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

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

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

Operating leases

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

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

Leases of land and buildings

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

The trust as a lessor – Finance leases

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

Operating leases

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

Note 1.14 Provisions

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

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

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

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

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

Clinical negligence costs

NHS Resolution (the trading name of the NHS Litigation Authority NHSLA) operates a risk pooling scheme under which Trust pays an annual contribution to NHS Resolution, which in return settles all clinical negligence claims. The contribution is charged to expenditure.

Non-clinical risk pooling

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

Note 1.15 Contingencies

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

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

Contingent liabilities are defined as:

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

Note 1.16 Public dividend capital

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

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

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

(i) donated and grant funded assets,

(ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and

(iii) any PDC dividend balance receivable or payable.

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

Note 1.17 Value added tax

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

Note 1.18 Corporation tax

Section 148 of the Finance Act 2004 amended S519A of the Income and Corporation Taxes Act 1988 to provide power to the Treasury to make certain non-core activities of Foundation Trusts potentially subject to corporation tax. This legislation became effective in the 2005/06 financial year.

In determining whether or not an activity is likely to be taxable a three-stage test may be employed:

- is the activity an authorised activity related to the provision of core healthcare?

The provision of goods and services for purposes related to the provision of healthcare authorised under Section 14(1) of the Health and Social Care Act 2003 (HSCA) is not treated as a commercial activity and is therefore tax exempt;

- is the activity actually or potentially in competition with the private sector?

Trading activities undertaken in house which are ancillary to core healthcare activities are not entrepreneurial in nature and not subject to tax. A trading activity that is capable of being in competition with the wider private sector will be subject to tax.

- Are the annual profits significant? Only significant trading activity is subject to tax.

Significant is defined as annual taxable profits of £50,000 per trading activity.

The majority of the Trust's activities are related to core healthcare and are not subject to tax. Where trading activities are undertaken that are commercial in nature they are considered insignificant with profits per activity below the £50,000 tax threshold.

Note 1.19 Foreign exchange

The functional and presentational currency of the trust is sterling.

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

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

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

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

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

Note 1.20 Third party assets

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

Note 1.21 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 entity] not been bearing its own risks (with insurance premiums then being included as normal revenue expenditure).

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

Note 1.22 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.

Note 1.23 Charitable Funds

The Charitable Funds have not been consolidated with the accounts of the Foundation Trust on the grounds of materiality; the net total assets of the Charities were valued at £6,013k as at 31 March 2020 (31 March 2019 : £7,004k) .The charities involved is Central and North West London NHS Foundation Trust Charitable Fund (Registered Charity No.1082989).

Note 1.24 Early adoption of standards, amendments and interpretations

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

Note 1.25 Standards, amendments and interpretations in issue but not yet effective or adopted

Details of accounting standards in issue but have not yet been adopted are provided in Note 37.

Note 1.26 Critical accounting estimates and judgements

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

Note 1.26.1 Critical judgements in applying accounting policies

There are no material judgements, except those involving estimates, which are disclosed below.

Note 1.26.2 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:

Intangible Assets valuations: A full desktop valuation is undertaken of intangible assets as they move from assets under construction into use. This valuation is based on IAS 36 requirements. Intangible assets in use are reviewed annually to ascertain obsolescence, with asset values adjusted as appropriate.

Property, Plant and Equipments; The freehold and lease hold properties comprising the Trust operation estate were valued at 1 April 2019 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation were prepared in accordance with the requirements of the RICS valuation – Global Standard (July 2017 edition), the international valuation standard and IFRS as adapted and interpreted by the Financial Reporting Manual (FReM) and the DHSC Group Accounting Manual.

The valuation of specialised properties were derived using the Depreciated Replacement Cost (DRC) method, with other in-use properties reported on an Existing Use Value basis.

In making these judgements, the Trust is aware that the Royal Institute of Chartered Surveyors (RICS) has issued a valuation practice notice which gives guidance to valuers where a valuer declares a materiality uncertainty attached to a valuation in light of the impact of COVID-19 on markets. As explained above, the Trust has obtained a valuation report for 2019-20 back dated to 01st April 2019. It should be noted that there may now be greater uncertainty in markets on which the valuation was obtained and reflected in these financial statements. Given the judgements explained above in preparing these 2019-20 financial statements, the Trust has not deviated from its existing accounting policy by obtaining an additional valuation to which a material uncertainty might be attached.

In the view of the Trust there are no further estimates or judgements which if wrong could significantly affect financial performance.

Note 1.27 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 trust. Additional PDC may also be issued to NHS foundation trusts by the Department of Health. A charge, reflecting the cost of capital utilised by the NHS foundation trust, is payable to the Department of Health as the public dividend capital dividend.

Revaluation reserve

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating expenses. 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.

Available-for-sale investment reserve

This reserve comprises changes in the fair value of available-for-sale financial instruments. When these instruments are derecognised, cumulative gains or losses previously recognised as other comprehensive income or expenditure are recycled to income or expenditure.

Merger reserve

This reserve reflects balances formed on merger of NHS bodies.

Income and expenditure reserve

The balance of this reserve is the accumulated surpluses and deficits of the NHS foundation trust.

Note 1.28 Segmental Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments. The directors consider that the Trust's activities constitute a single segment since they are provided wholly in the UK, are subject to similar risks and rewards and all assets are managed as one central pool. The Trust has also a single purpose in the provision of healthcare services.

Note 2 Operating income from patient care activities (Group)

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

Note 2.1 Income from patient care activities (by nature)	2019-20 £000	2018-19 £000
Mental health services		
Cost and volume contract income	35,399	29,983
Block contract income	257,090	237,499
Clinical partnerships providing mandatory services (including S75 agreements)	7,037	5,878
Clinical income for the secondary commissioning of mandatory services	898	903
Other clinical income from mandatory services	15,341	12,764
Community services		
Community services income from CCGs and NHS England	125,709	131,751
Income from other sources (e.g. local authorities)	57,207	41,896
All services		
Agenda for Change pay award central funding*		4,574
Additional pension contribution central funding**	15,110	
Other clinical income	1,482	-
Total income from activities	**515,273**	**465,247**

*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.

Note 2.2 Income from patient care activities (by source)	2019-20	2018-19
Income from patient care activities received from:	**£000**	**£000**
NHS England	101,354	83,489
Clinical commissioning groups	337,130	317,044
Department of Health and Social Care	-	4,933
Other NHS providers	21,804	10,571
NHS other	20	51
Local authorities	53,218	48,450
Non NHS: other	1,748	708
Total income from activities	**515,273**	**465,247**
Of which:		
Related to continuing operations	515,273	465,247
Related to discontinued operations	-	-

Note 2.3 Overseas visitors (relating to patients charged directly by the provider)	2019-20 £000	2018-19 £000
Income recognised this year	-	-
Cash payments received in-year	12	4
Amounts added to provision for impairment of receivables	63	24
Amounts written off in-year	6	-

Note 2.4 Other operating income (Group)

	2019-20			2018-19		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	4,026	-	**4,026**	3,407	-	**3,407**
Education and training	16,116	-	**16,116**	12,423	-	**12,423**
Non-patient care services to other bodies	6,394		**6,394**	9,823		**9,823**
Provider sustainability fund (PSF)	4,498		**4,498**	7,634		**7,634**
Other income	7,725	-	**7,725**	9,596	-	**9,596**
Total other operating income	**38,759**	**-**	**38,759**	**42,883**	**-**	**42,883**
Of which:						
Related to continuing operations			**38,759**			**42,883**
Related to discontinued operations			**-**			**-**

Other income of £7,725k includes Rental & Service Charge income of £3,963k, Merit Award income of £600k, Drugs Recharge income of £931k.

Note 2.5 Additional information on contract revenue (IFRS 15) recognised in the period

	2019-20	2018-19
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	13,745	10,754

Note 2.6 Transaction price allocated to remaining performance obligations

Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:	31 March 2020	31 March 2019
	£000	£000
within one year	15,572	13,695
after one year, not later than five years	-	50
after five years	-	-
Total revenue allocated to remaining performance obligations	**15,572**	**13,745**

The trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from (i) contracts with an expected duration of one year or less and (ii) contracts where the trust recognises revenue directly corresponding to work done to date is not disclosed.

Note 2.7 Income from activities arising from commissioner requested services

Under the terms of its provider licence, the trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	2019-20	2018-19
	£000	£000
Income from services designated as commissioner requested services	460,307	416,089
Income from services not designated as commissioner requested services	54,966	49,158
Total	**515,273**	**465,247**

Note 3.1 Operating expenses (Group)

	2019-20 £000	2018-19 £000
Purchase of healthcare from NHS and DHSC bodies	2,100	5,095
Purchase of healthcare from non-NHS and non-DHSC bodies	13,561	8,708
Staff and executive directors costs	386,243	347,516
Remuneration of non-executive directors	191	144
Supplies and services – clinical (excluding drugs costs)	14,270	13,733
Supplies and services – general	11,379	10,027
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	25,916	30,294
Consultancy costs	3,695	2,330
Establishment	4,882	5,411
Premises	35,884	35,325
Transport (including patient travel)	5,132	4,609
Depreciation on property, plant and equipment	6,129	6,427
Amortisation on intangible assets	5,751	2,505
Net impairments	14,121	22,803
Movement in credit loss allowance: contract receivables / contract assets	(14)	(132)
Increase/(decrease) in other provisions	119	-
Audit fees payable to the external auditor		
Audit services – statutory audit	117	116
Other auditor remuneration (external auditor only)	3	21
Internal audit costs	129	-
Clinical negligence	1,534	1,384
Legal fees	1,648	1,375
Insurance	245	254
Research and development	3,275	3,225
Education and training	5,242	988
Rentals under operating leases	9,964	12,362
Redundancy	66	123
Hospitality	541	848
Losses, ex gratia & special payments	29	569
Other	5,850	3,852
Total	**558,003**	**519,912**
Of which:		
Related to continuing operations	558,003	519,912
Related to discontinued operations	-	-

Other expenditure of £5,850k includes Security costs of £1,470k, Injury Benefits of £634k, Domiciliary Care expenditure of £504k.

Note 3.2 Auditor remuneration (Group)

	2019-20 £000	2018-19 £000
Auditor remuneration paid to the external auditor:		
Audit-related assurance services	3	13
Audit Services – Statutory audit**	83	79
Audit Services – Subsidiary*	15	18
Other non-audit services	-	-
Total	**101**	**110**

Included above, £15k relating to QTS Ltd statutory audit, £5k relating overrun audit fee for 2018-19. The reduced assurance services fee in 2019-20 is due the reduction of quality accounts audit. The above amounts are excluding VAT.

Note 3.3 Limitation on auditor's liability (Group)

The limitation on auditor's liability for external audit work is £1m (2018-19: £1m).

Note 4 Impairment of assets (Group)

	2019-20 £000	2018-19 £000
Net impairments charged to operating surplus / deficit resulting from:		
Over specification of assets	-	-
Abandonment of assets in course of construction	-	25
Changes in market price	14,121	10,846
Other	-	11,932
Total net impairments charged to operating surplus / deficit	**14,121**	**22,803**
Impairments charged to the revaluation reserve	41,984	15,833
Total net impairments	**56,105**	**38,636**

Impairment of £14,121k above related to the revaluation of land and buildings.

Note 5 Employee benefits (Group)

	2019-20 Total £000	2018-19 Total £000
Salaries and wages	290,815	273,857
Social security costs	28,938	26,966
Apprenticeship levy	1,398	1,317
Employer's contributions to NHS pensions	49,993	32,522
Temporary staff (including agency)	15,255	13,579
NHS charitable funds staff	-	-
Total gross staff costs	**386,339**	**348,241**
Recoveries in respect of seconded staff	-	-
Total staff costs	**386,339**	**348,241**
Of which		
Costs capitalised as part of assets	97	724

Increase in 'Employer's contributions to NHS pension' above in 2019/20 is largely due to an additional employer contribution of 6.3% (£15.1m), which was funded by NHS England.

Note 5.1 Retirements due to ill-health (Group)

During 2019-20 there were 5 early retirements from the trust agreed on the grounds of ill-health (3 in the year ended 31 March 2019). The estimated additional pension liabilities of these ill-health retirements is £285k (£115k in 2018-19).

These estimated costs are calculated on an average basis and will be borne by the NHS Pension Scheme.

Note 5.2 Directors' remuneration (Group)

The aggregate amounts payable to directors were:

	2019-20 Total £000	2018-19 Total £000
Salary	896	1108
Taxable benefits	1	2
Employer's pension contribution	94	118
Total	**990**	**1,228**

Total remuneration paid to directors for the year ended 31 March 2020 (in their capacity as directors) totalled £0.99 million (year ended 31 March 2019 £1.22 million). No other remuneration was paid to directors in their capacity as directors. There were no advances or guarantees entered into on behalf of directors by the Trust. Employer contributions to the NHS Pension Scheme for Executive Directors for the year ended 31 March 2020 totalled £94k (for year ended 31 March 2019 £118k). The total number of directors to whom benefits are accruing under the NHS defined benefit scheme (the NHS Pension Scheme) was 10 (year ended 31 March 2019 – 6). Further details of directors' remuneration can be found in the remuneration report.

Note 6 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 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 31 March 2018, 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. The employer contribution rate for 2019-20 is 20.6%.

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.

CNWL offers an additional defined contribution pension scheme – the National Employment Savings Trust (NEST)

Note 7 Operating leases (Group)

Note 7.1 Central and North West London NHS Foundation Trust as a lessor

This note discloses income generated in operating lease agreements where Central and North West London NHS Foundation Trust is the lessor.

The Trust has no operating leases as lessor.

Note 7.2 Central and North West London NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Central and North West London NHS Foundation Trust is the lessee.

	2019-20 £000	2018-19 £000
Operating lease expense		
Minimum lease payments	9,964	12,362
Total	**9,964**	**12,362**

	31 March 2020 £000	31 March 2019 £000
Future minimum lease payments due:		
- not later than one year;	10,721	12,474
- later than one year and not later than five years;	38,637	25,829
- later than five years.	90,422	41,318
Total	**139,780**	**79,620**
Future minimum sublease payments to be received	-	-

Note 8 Finance income (Group)

Finance income represents interest received on assets and investments in the period.

	2019-20 £000	2018-19 £000
Interest on bank accounts	264	127
Total finance income	**264**	**127**

Note 8.1 Finance expenditure (Group)

Finance expenditure represents interest and other charges involved in the borrowing of money or asset financing.

	2019-20 £000	2018-19 £000
Interest expense:		
Loans from the Department of Health and Social Care	61	64
Interest on late payment of commercial debt	20	-
Total interest expense	**81**	**64**

Note 8.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015 (Group)

	2019-20 £000	2018-19 £000
Amounts included within interest payable arising from claims made under this legislation	20	-

Note 9 Other gains / (losses) (Group)

	2019-20 £000	2018-19 £000
Gains on disposal of assets	-	2,137
Total gains / (losses) on disposal of assets	**-**	**2,137**

Note 10 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 £10.6 million (2018-19: £17.1 million). The trust's total comprehensive expense for the period was £49.5 million (2018-19: £5.5million).

Note 11 Discontinued operations (Group)

There were no discontinued operation in the current year.

Note 12.1 Intangible assets – 2019-20

Group	Software licences	Development expenditure	Intangible assets under construction	Total	Trust
	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2019 – brought forward	**3,898**	**34,361**	**-**	**38,259**	**38,190**
Additions	-	-	6,198	**6,198**	**6,154**
Reclassifications	-	6,198	(6,198)	**-**	**-**
Valuation / gross cost at 31 March 2020	**3,898**	**40,559**	**-**	**44,457**	**44,344**
Amortisation at 1 April 2019 – brought forward	**2,240**	**5,612**	**-**	**7,852**	**7,852**
Provided during the year	389	5,362	-	**5,751**	**5,751**
Amortisation at 31 March 2020	**2,629**	**10,974**	**-**	**13,603**	**13,603**
Net book value at 31 March 2020	**1,269**	**29,585**	**-**	**30,854**	**30,741**
Net book value at 1 April 2019	**1,658**	**28,749**	**-**	**30,407**	**30,338**

Note 12.2 Intangible assets – 2018-19

Group	Software licences	Development expenditure	Intangible assets under construction	Total	Trust
	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018 – as previously stated	**3,898**	**21,181**	**17,475**	**42,553**	**42,553**
Prior period adjustments	-	-	**-**	**-**	
Valuation / gross cost at 1 April 2018 – restated	**3,898**	**21,181**	**17,475**	**42,553**	**42,553**
Transfers by absorption	-	-	-	-	
Additions	-	3,324	4,310	7,634	7,565
Impairments	-	-	(11,928)	**(11,928)**	**(11,928)**
Revaluations	-	9,856	(9,856)	-	
Valuation / gross cost at 31 March 2019	**3,898**	**34,361**	**-**	**38,259**	**38,190**
Amortisation at 1 April 2018 – as previously stated	**1,851**	**3,496**	**-**	**5,347**	**5,347**
Prior period adjustments	-	-	-	-	
Amortisation at 1 April 2018 – restated	**1,851**	**3,496**	**-**	**5,347**	**5,347**
Transfers by absorption	-	-	-	-	
Provided during the year	389	2,116	-	**2,505**	**2,505**
Amortisation at 31 March 2019	**2,240**	**5,612**	**-**	**7,852**	**7,852**
Net book value at 31 March 2019	**1,658**	**28,749**	**-**	**30,407**	**30,338**
Net book value at 1 April 2018	**2,047**	**17,685**	**17,475**	**37,206**	**37,206**

Note 13.1 Property, plant and equipment – 2019-20

Group	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total	Trust (Buildings excluding dwellings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/ gross cost at 1 April 2019 – brought forward	**81,000**	**154,858**	**(0)**	**1,617**	**8**	**2,416**	**3,593**	**243,491**	**112,645**
Transfers by absorption	-	-	-	-	-	-	-	**-**	
Additions	-	5,751	11,221	147	-	98	285	**17,502**	**5,751**
Impairments	(31,248)	(16,743)	-	-	-	-	-	**(47,991)**	**(16,743)**
Reversals of impairments	838	5,169	-	-	-	-	-	**6,007**	**5,169**
Revaluations	(360)	(10,736)	-	-	-	-	-	**(11,096)**	**(10,736)**
Reclassifications	-	9,497	(9,876)	-	-	-	379	**-**	**9,497**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	**-**	**-**
Disposals / derecognition	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Valuation/ gross cost at 31 March 2020	**50,230**	**147,796**	**1,345**	**1,764**	**8**	**2,514**	**4,257**	**207,913**	**105,583**
Accumulated depreciation at 1 April 2019 brought forward	**-**	**4,777**	**-**	**665**	**2**	**1,585**	**1,169**	**8,198**	**4,777**
Depreciation at start of period as FT	-	-	-	-	-	-	-	**-**	**-**
Transfers by absorption	-	-	-	-	-	-	-	**-**	**-**
Provided during the year	-	5,388	-	166	3	210	362	**6,129**	**5,388**
Impairments	3,562	21,128	-	-	-	-	-	**24,690**	**21,128**
Reversals of impairments	(1,101)	(9,468)	-	-	-	-	-	**(10,569)**	**(9,468)**
Revaluations	(2,461)	(11,716)	-	-	-	-	-	**(14,177)**	**(11,716)**
Reclassifications	-	-	-	-	-	-	-	**-**	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	**-**	**-**
Disposals / derecognition	-	-	-	-	-	-	-	**-**	**-**
Accumulated depreciation at 31 March 2020	**-**	**10,109**	**-**	**831**	**5**	**1,795**	**1,531**	**14,271**	**10,109**
Net book value at 31 March 2020	**50,230**	**137,687**	**1,345**	**933**	**3**	**719**	**2,726**	**193,643**	**95,474**
Net book value at 1 April 2019	**81,000**	**150,081**	**(0)**	**952**	**6**	**831**	**2,424**	**235,294**	**107,868**

Note 13.2 Property, plant and equipment – 2018-19

Group	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total	Trust (Buildings exduding dwellings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018 – as previously stated	**70,944**	**163,304**	**1,698**	**1,295**	**0**	**1,705**	**2,827**	**241,773**	**163,304**
Prior period adjustments	-	-	-	-	-	-	-	-	
Valuation/gross cost at 1 April 2018 – brought forward	**70,944**	**163,304**	**1,698**	**1,295**	**0**	**1,705**	**2,827**	**241,773**	**163,304**
Transfers by absorption	-	-	-	-	-	-	-	-	
Additions	-	15,005	384	307	8	416	760	16,879	14,810
Impairments	(3,776)	(12,337)	-	-	-	-	-	(16,113)	(12,337)
Reversals of impairments	-	280	-	-	-	-	-	280	280
Revaluations	15,180	(12,038)	(29)	-	-	-	-	3,113	(12,038)
Reclassifications	-	1,737	(2,053)	15	-	295	6	-	1,737
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	
Disposals / derecognition	(1,348)	(1,092)	-	-	-	-	-	(2,440)	(43,111)
Valuation/gross cost at 31 March 2019	**81,000**	**154,858**	**(0)**	**1,617**	**8**	**2,416**	**3,593**	**243,491**	**112,645**
Accumulated depreciation at 1 April 2018 – as previously stated	**-**	**12,647**	**-**	**516**	**0**	**1,379**	**872**	**15,414**	**12,647**
Prior period adjustments	-	-	-	-	-	-	-	-	
Accumulated depreciation at 1 April 2018 – restated	**-**	**12,647**	**-**	**516**	**0**	**1,379**	**872**	**15,414**	**12,647**
Transfers by absorption	-	-	-	-	-	-	-	-	
Provided during the year	-	5,773	-	149	2	206	297	6,427	5,773
Impairments	1,032	11,011	29	-	-	-	-	12,072	11,011
Reversals of impairments	(28)	(1,169)	-	-	-	-	-	(1,197)	(1,169)
Revaluations	(1,004)	(23,207)	(29)	-	-	-	-	(24,240)	(23,207)
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	-
Disposals / derecognition	-	(279)	-	-	-	-	-	(279)	(279)
Accumulated depreciation at 31 March 2019	**-**	**4,777**	**-**	**665**	**2**	**1,585**	**1,169**	**8,198**	**4,776**
Net book value at 31 March 2019	**81,000**	**150,081**	**(0)**	**952**	**6**	**831**	**2,424**	**235,294**	**107,869**
Net book value at 1 April 2018	**70,944**	**150,657**	**1,698**	**779**	**0**	**326**	**1,955**	**226,359**	**150,657**

There are no differences between Trust and Group above except for building excluding dwellings

Note 13.3 Property, plant and equipment financing – 2019-20

Group	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total	Trust (Buildings excluding dwellings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020									
Owned – purchased	50,230	137,687	1,345	933	3	719	2,726	193,643	95,474
NBV total at 31 March 2020	**50,230**	**137,687**	**1,345**	**933**	**3**	**719**	**2,726**	**193,643**	**95,474**

Note 13.4 Property, plant and equipment financing – 2018-19

Group	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total	Trust (Buildings excluding dwellings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019									
Owned – purchased	81,000	150,081	(0)	952	6	831	2,424	235,294	107,867
NBV total at 31 March 2019	**81,000**	**150,081**	**(0)**	**952**	**6**	**831**	**2,424**	**235,294**	**107,867**

Note 13.5 Donations of property, plant and equipment

No donations received during the year for purchase of assets

Note 13.6 Revaluations of property, plant and equipment

	2019-20 £000	2018-19 £000
At 1 April 2019	73,214	64,157
Net impairement	(41,984)	(15,833)
Revaluations	3,081	27,352
Transfer to I&E reserve	(740)	(1,462)
Other recognised gain and losses	-	(1,000)
	33,571	**73,214**

Note 13.6 Revaluations of property, plant and equipment

	Group		Trust	
	31 March 2019	31 March 2020	31 March 2020	31 March 2019
	£000	£000	£000	£000
Value at 01 April	-	-	45,168	45,168
Addition during the year	-	-	993	-
Depreciation	-	-	(4,451)	-
Revaluation	-	-	159	-
Impairement	-	-	(13,228)	-
Value at 31 March	**-**	**-**	**28,641**	**45,168**

Note 14 Disclosure of interests in other entities

Quality Trusted Solutions(QTS) is a wholly owned subsidiary of Central and North West London NHS Foundation Trust (CNWL).QTS is a limited liability partnership (LLP) where the CNWL is the predominant partner with 99.99% ownership and CNWL Holdings Limited, set up with no purpose other than acting as the other required partner to the LLP. CNWL Holdings Limited itself is wholly owned by the Trust. The company was incorporated in September 2017 but commenced trading on 1st April 2018. CNWL has produced consolidated financial statement for 19-20 for the group and as required incorporate the trading activities of QTS.

Note 15 Inventories

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
Drugs	287	42	287	42
Energy	(1)	55	(1)	55
Other	102	69	102	69
Total inventories	**388**	**166**	**388**	**166**
of which:				
Held at fair value less costs to sell	-	-		

Inventories recognised in expenses for the year were £56k (2018-19: £2,089k). Write-down of inventories recognised as expenses for the year were £0k (2018-19: £0k).

Note 16.1 Receivables

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
Current				
Contract receivables	52,949	50,029	52,431	51,232
Allowance for impaired contract receivables / assets	(3,705)	(3,757)	(3,705)	(3,757)
Prepayments (non-PFI)	3,903	8,409	3,668	8,035
PDC dividend receivable	82	-	82	-
VAT receivable	406	153	1,592	2,300
Other receivables	1,509	920	1,492	1,227
Total current receivables	**55,144**	**55,755**	**55,560**	**59,037**
Non-current				
Loan receivable	-	-	45,168	45,168
Total non-current receivables	**-**	**-**	**45,168**	**45,168**
Of which receivable from NHS and DHSC group bodies:				
Current	40,929	37,795	40,658	37,795
Non-current	-	-	-	-

Note 16.2 Allowances for credit losses – 2019-20

	Group		Trust	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 Apr 2019 – brought forward	**3,757**	**-**	**3,757**	**3,757**
Transfers by absorption	-	-	-	-
New allowances arising	1,677	-	1,677	1,677
Changes in existing allowances	603	-	603	603
Reversals of allowances	(2,293)	-	(2,293)	(2,293)
Utilisation of allowances (write offs)	(38)	-	(38)	(38)
Allowances as at 31 Mar 2020	**3,705**	**-**	**3,705**	**3,705**

Note 16.3 Allowances for credit losses – 2018-19

	Group		Trust	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 Apr 2018 – as previously stated	**-**	**4,672**		**4,672**
Prior period adjustments	-	-		
Allowances as at 1 Apr 2018 – restated	**-**	**4,672**	**-**	**4,672**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	4,465	(4,672)	4,465	(4,672)
Transfers by absorption	-	-		
New allowances arising	1,700	-	1,700	-
Changes in existing allowances	73	-	73	-
Reversals of allowances	(1,906)	-	(1,906)	-
Utilisation of allowances (write offs)	(575)	-	(575)	-
Allowances as at 31 Mar 2019	**3,757**	**-**	**3,757**	**-**

Note 17 Non-current assets held for sale and assets in disposal groups

There were no non current assets held for sale and no assets in disposal groups

Note 18.1 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	Group		Trust	
	2019-20	2018-19	2019-20	2018-19
	£000	£000	£000	£000
At 1 April	**19,453**	**16,405**	**17,637**	**16,405**
Prior period adjustments		-		-
At 1 April (restated)	**19,453**	**16,405**	**17,637**	**16,405**
Transfers by absorption	-	-		
Net change in year	20,369	3,048	18,232	1,232
At 31 March	**39,822**	**19,453**	**35,869**	**17,637**
Broken down into:				
Cash at commercial banks and in hand	4,093	1,889	153	5
Cash with the Government Banking Service	35,729	17,564	35,716	17,632
Total cash and cash equivalents as in SoFP	**39,822**	**19,453**	**35,869**	**17,637**
Total cash and cash equivalents as in SoCF	**39,822**	**19,453**	**35,869**	**17,637**

Note 18.2 Third party assets held by the trust

Central and North West London NHS Foundation Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	Group and Trust	
	31 March 2020	31 March 2019
	£000	£000
Bank balances	524	310
Monies on deposit	800	800
Total third party assets	**1,324**	**1,110**

Note 19 Trade and other payables

	Group		Trust	
	2019-20	2018-19	2019-20	2018-19
	£000	£000	£000	£000
Current				
Trade payables	20,049	26,159	20,182	28,958
Capital payables	10,034	8,204	7,127	1,878
Accruals	35,661	13,734	37,417	17,882
Receipts in advance and payments on account	421	141	422	141
Social security costs	4,543	4,174	4,521	4,155
VAT payables	-	-	-	-
Other taxes payable	3,598	3,438	3,580	3,422
PDC dividend payable	-	67	-	67
Other payables	6,410	6,295	6,384	6,201
NHS charitable funds: trade and other payables	-	-	-	
Total current trade and other payables	**80,716**	**62,213**	**79,633**	**62,704**
Non-current				
Trade payables	5,207	1,935	2,541	1,935
Total non-current trade and other payables	**5,207**	**1,935**	**2,541**	**1,935**
Of which payables from NHS and DHSC group bodies:				
Current	22,697	17,176	22,685	17,176
Non-current	-	-		

Note 20 Other liabilities

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
Current				
Deferred income: contract liabilities	15,572	13,745	15,095	13,745
Total other current liabilities	**15,572**	**13,745**	**15,095**	**13,745**

Note 21 Borrowings

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
Current				
Loans from DHSC	724	725	724	719
Total current borrowings	**724**	**725**	**724**	**719**
Non-current				
Loans from DHSC	3,238	3,956	3,238	3,956
Obligations under finance leases	-	-	-	-
Obligations under PFI, LIFT or other service concession contracts	-	-		
NHS charitable funds: other current borrowings	-	-		
Total non-current borrowings	**3,238**	**3,956**	**3,238**	**3,956**

In 2015-16 the Trust obtained an unsecured borrowing facility of £6.8M from the Department of Health. This was used to invest in/support the IT capital programme. The loan is for a period of ten years ending on 18 August 2025. Capital of 5.25% is payable in six month tranches on the principal outstanding. The first capital repayment was on the 18 August 2016, the last tranche is scheduled for 18 August 2025. Interest is payable at 1.25%.

Note 22.1 Reconciliation of liabilities arising from financing activities 2019-20

	Loans from DHSC	Total	Trust
	£000	£000	£000
Carrying value at 1 April 2019	**4,681**	**4,681**	**4,681**
Cash movements:			
Financing cash flows – payments and receipts of principal	(719)	(719)	(719)
Financing cash flows – payments of interest	(61)	(61)	(61)
Non-cash movements:			
Application of effective interest rate	61	61	61
Carrying value at 31 March 2020	**3,962**	**3,962**	**3,962**

Note 22.2 Reconciliation of liabilities arising from financing activities 2018-19

	Loans from DHSC	Total	Trust
	£000	£000	£000
Carrying value at 1 April 2018	**5,393**	**5,393**	**5,393**
Prior period adjustment	-	-	-
Carrying value at 1 April 2018 – restated	**5,393**	**5,393**	**5,393**
Cash movements:			
Financing cash flows – payments and receipts of principal	(719)	(719)	(719)
Financing cash flows – payments of interest	(64)	(64)	(64)
Non-cash movements:			
Impact of implementing IFRS 9 on 1 April 2018	7	7	7
Application of effective interest rate	64	64	64
Carrying value at 31 March 2019	**4,681**	**4,681**	**4,681**

Note 23 Finance leases

Note 23.1 Trust as a lessee

Obligations under finance leases where the trust is the lessee.

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
Gross lease liabilities	**-**	**-**	**45,168**	**45,168**
of which liabilities are due:				
- not later than one year;	-	-	2,258	2,258
- later than one year and not later than five years;	-	-	9,034	9,034
- later than five years.	-	-	33,876	33,876
Finance charges allocated to future periods	-	-		
Net lease liabilities	**-**	**-**	**45,168**	**45,168**

The Trust has a finance lease with its subsidiary, Quality Trusted Solutions. The lease term is 20 years.

Note 24 Provisions for liabilities and charges analysis

Group	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Redundancy	Total	Trust
	£000	£000	£000	£000	£000	£000
At 1 April 2019	**0**	**1,526**	**-**	**44**	**1,570**	**1,570**
Arising during the year	-	633	119	-	752	752
Utilised during the year	-	(162)	-	(44)	(206)	(206)
At 31 March 2020	**0**	**1,997**	**119**	**(0)**	**2,116**	**2,116**
Expected timing of cash flows:						
- not later than one year;	-	131	119	-	250	250
- later than one year and not later than five years;	-	533	-	-	533	533
- later than five years.	0	1,333	-	(0)	1,333	1,333
Total	**0**	**1,997**	**119**	**(0)**	**2,116**	**2,116**

The arising during the year in injury benefits provision is as a result of re measurement of liability during the year.

Legal provision is relating to Third Parties Scheme (LTPS) typically covers employers' and public liability claims from NHS staff, patients and members of the public.

Note 25 Clinical negligence liabilities

At 31 March 2020, £9,828k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Central and North West London NHS Foundation Trust (31 March 2019: £9,563k).

Note 26 Contingent assets and liabilities

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
Value of contingent liabilities				
NHS Resolution legal claims	(85)	(81)	(85)	(81)
Gross value of contingent liabilities	**(85**	**(81)**	**(85)**	**(81)**
Amounts recoverable against liabilities	-	-	-	-
Net value of contingent liabilities	**(85)**	**(81)**	**(85)**	**(81)**
Net value of contingent assets	**-**	**-**	**-**	**-**

Note 27 Contractual capital commitments

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
Property, plant and equipment	3,961	129	3,961	129
Intangible assets	227	38	227	38
Total	**4,188**	**167**	**4,188**	**167**

Note 28 Defined benefit pension schemes

The Trust has no defined benefits pension scheme.

Note 29 Financial instruments

Note 29.1 Financial risk management

Fair Value of financial assets and liabilities

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.

Financial risks are listed below:

Liquidity risk

The Trust's net operating costs are incurred under one- to three-year contracts with local Clinical Commissioning Groups (CCGs), which are financed from resources voted annually by Parliament. The Trust also largely finances its capital expenditure from funds made available from Government generated from its contracts. All fixed assets have been purchased without the need for commercial borrowing. Central and North West London NHS Foundation Trust is not, therefore, exposed to significant liquidity risks.

Interest-rate risk

The majority of the Trust's financial assets and financial liabilities carry nil or fixed rates of interest. Central and North West London NHS Foundation Trust is not, therefore, exposed to significant interest-rate risk.

Credit risk

The Trust operates primarily within the NHS and Social Care market and receives the majority of its income from other NHS organisations and Local Authorities.

Bad debt provisions are calculated based on the Trust's bad debt provision policy which prescribes rates of provision on the type of debtor, age of the outstanding debt and knowledge of specific balances.

Note 29.2 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	Total book value
	£000	£000	£000
Trade and other receivables excluding non financial assets	50,753	-	50,753
Other investments / financial assets	-	-	-
Cash and cash equivalents	39,822	-	39,822
Consolidated NHS Charitable fund financial assets	-	-	-
Total at 31 March 2020	**90,575**	**-**	**90,575**

Carrying values of financial assets as at 31 March 2019	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Trade and other receivables excluding non financial assets	47,192	-	47,192
Other investments / financial assets	-	-	-
Cash and cash equivalents	19,453	-	19,453
Consolidated NHS Charitable fund financial assets	-	-	-
Total at 31 March 2019	**66,645**	**-**	**66,645**

Note 29.3 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	Total book value
	£000	£000	£000
Trade and other receivables excluding non financial assets	50,217	-	50,217
Other investments / financial assets	-	-	-
Cash and cash equivalents	35,869	-	35,869
Total at 31 March 2020	**86,086**	**-**	**86,086**

Carrying values of financial assets as at 31 March 2019	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Trade and other receivables excluding non financial assets	56,737	-	56,737
Other investments / financial assets	-	-	-
Cash and cash equivalents	17,637	-	17,637
Total at 31 March 2019	**74,247**	**-**	**74,247**

Note 29.4 Carrying values of financial liabilities (Group)

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	3,962	3,962
Trade and other payables excluding non financial liabilities	66,165	66,165
Total at 31 March 2020	**70,127**	**70,127**

Carrying values of financial liabilities as at 31 March 2019	Held at amortised cost	"Total book value"
	£000	£000
Loans from the Department of Health and Social Care	4,681	4,681
Trade and other payables excluding non financial liabilities	54,306	54,306
Total at 31 March 2019	**58,986**	**58,986**

Note 29.5 Carrying values of financial liabilities (Trust)

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost	"Total book value"
	£000	£000
Loans from the Department of Health and Social Care	3,962	3,962
Trade and other payables excluding non financial liabilities	65,149	65,149
Total at 31 March 2020	**69,111**	**69,111**

Carrying values of financial liabilities as at 31 March 2019	Held at amortised cost	"Total book value"
	£000	£000
Loans from the Department of Health and Social Care	4,681	4,681
Trade and other payables excluding non financial liabilities	48,859	48,859
Total at 31 March 2019	**53,540**	**53,540**

Note 29.6 Maturity of financial liabilities

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
In one year or less	66,889	55,030	65,149	55,030
In more than one year but not more than two years	3,238	3,956	3,238	3,956
In more than two years but not more than five years	-	-	0	0
In more than five years	-	-	0	0
Total	**70,127**	**58,986**	**68,387**	**58,986**

Note 30 Losses and special payments (Group)

	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	2	1	25	27
Fruitless payments	-	-	-	-
Bad debts and claims abandoned	56	47	198	454
Stores losses and damage to property	-	-	-	-
Total losses	**58**	**48**	**223**	**482**
Special payments				
Compensation under court order or legally binding arbitration award	-	-	1	1
Extra-contractual payments	-	-	-	-
Ex-gratia payments	14	4	12	4
Special severance payments	-	-	-	-
Extra-statutory and extra-regulatory payments	-	-	-	-
Total special payments	**14**	**4**	**13**	**5**
Total losses and special payments	**72**	**52**	**236**	**486**
Compensation payments received		-		-

Note 31.1 Related parties

NHS Foundation Trusts are public benefit corporations established under the National Health Service Act 2006 (relevant provisions of which replaced the provisions of the Health and Social Care (Community Health and Standards) Act 2003 relating to NHS Foundation Trusts). The Department of Health is regarded as a related party. During the period, the Trust had a significant number of material transactions with the Department of Health and with other entities for which the Department of Health is regarded as the parent department i.e. NHS England, NHS Trusts, Clinical Commissioning Groups, NHS agencies and Special Health Authorities.

The bodies with which the Trust had major transactions with include : NHS England, NHS Property Services, London Specialised Commissioning Hub, Brent CCG, Camden CCG, Harrow CCG, Hillingdon CCG, Central London (Westminster) CCG and NHS West London. In addition the Trust had a number of material transactions with other Government bodies including central and local government bodies.

The Central and North West London NHS Foundation Trust is the Corporate Trustee of the Central and North West London Charitable Fund (Registered Charity No. 1082989). During the year 31 March 2020, the Trust received income of £178k (2018-19 £155k) from the charity for administration services provided by the Trust on behalf of the carity.

Note 31.2 Directors Interest

(1) Professor Dorothy Griffiths is a Non-Executive Director at CNWL. She is also acting as Dorothy Griffiths Associates, offering training and consultancy services to corporates, individuals and NHS trusts. She is a Trustee of the Feminist Review Trust and also a Chair of the Feminist Review Trust. She is also a Honorary professor of University of Swansea and a Lay Trustee of University of Bath Council. Through Imperial College, she provides consultancy services on strategy, change management and team working, to NHS trusts. She is also a Trustee of Imperial College Student Union. The Trust works with Imperial College on research projects. During the year it has paid £418k (2018-19 £558k) to the College, mostly for the recharge of staff time working on research projects. Recharge of staff time is determined based on salary rates and so is considered to be under market conditions. At 31 March 2020 the Trust had no outstanding balance (31 March 2019 – £112k) payable to Imperial College.

(2) Ms. Claire Murdoch, Chief Executive of the Trust and she is National Mental Health Director, also a Director of Imperial Health Partnership. She is a Director with oversight of NHS England's Learning Disability programme at North West London LETB. She is also a trustee of the Board of the Bloomsbury Network Charitable Incorporated Organisation (CIO).

(3) Ms Hannah Witty is Chief Finance Officer of the Trust and she also a Trustee of a multi academy trust.

(4) Ms Maria O'Brien, Director of Nursing. She has no interests to declare

(5) Dr Cornelius Kelly is the Medical Director at CNWL. He has no other interests to declare.

(6) Ms Robyn Doran, Chief Operating Officer at CNWL and also a Board Member of Listening Place.

(7) Charlotte Bailey, Director of People and Organisational Development at CNWL and she has no other interests to declare.

(8) Mr David Roberts, Non-Executive Director at CNWL has no other interests to declare.

(9) Mr Michael Nutt, a Non-Executive Director at CNWL and President at Fiddler Lake Resort in Quebec, Canada. He is also a Council Member of Your Health CIC in Kingston-Upon-Thames and a Trustee of The Point of Care Foundation in London. He is a Director of Quality Trusted Solutions.

(10) Dr Reva Gudi is a Non-Executive Director at CNWL and GP and Senior Partner, Pine Medical Centre, Hayes, Hillingdon, Chairperson and Director First Care Group Practice Ltd, a collaboration of 5 GP practices in Hayes and Harlington. The Pine Medical Centre is one of the member practices of Hillingdon Primary Care Confederation, a GP Provider organisation. Her husband-Fertility Consultant at Homerton Hospital, Hackney, and Director of Fertility Plus Ltd.

(11) Mr Ian Mansfield, a Non-Executive Director at CNWL until November 2019, he was Chair of Richmond CVS, who provide infrastructure support for all charity, community and voluntary activity in Richmond upon Thames, improving local health and wellbeing, and providing leadership on health related initiatives such as Community Independent Living Services and Social Prescribing. His daughter is doing a Masters in Mental Health Social Work, and is working as a Mental Health Social Worker based in Camden and Islington.

(12) Mr Paul Streets, Non Executive Director at CNWL and CE of Lloyds Bank Foundation for England and Wales. He also a Visiting Professor CASS business school and a Member of the CIPFA Charities Board.

(13) Mr Mike Cooke, Non-Executive Director at CNWL and Independent Chair of the North London Partners in Health and Care (ie the STP partnership), Chair of BEAT, the UK's eating disorder charity, He also provides an independent consultancy service on leadership and organisational improvement. His wife is an adult social care commissioner for Milton Keynes Council.

(14) Mr Tom Kibasi, a Non-executive director at CNWL and he has no other interests to declare

Note 32 Pension Schemes on statement of financial position

The Trust had no on-Statement of Financial Position pension schemes.

Note 33 Third party assets

The Trust held £1,324k cash at bank and in hand at 31 March 2020 (31 March 2019: £1,110k) which relates to monies held by the Trust on behalf of patients. This has been excluded from cash at bank and in hand figure reported in the accounts.

Note 34 Prior period adjustments

The Trust had no prior period adjustments.

Note 35 Event after reporting period

Trust has following post balance sheet event to disclose;

- Mr Ross Graves has joined the Board of CNWL as Executive Director of Partnerships and Commercial Development in April 2020.
- Mrs Charlotte Bailey has joined the Board of CNWL as Executive Director of Organisational Development and People in April 2020.
- The impact of COVID-19 was felt at the very end of the 2019/20 financial year, with significant impact continuing into 2020/21. The Trust, along with its partners in North West London, North Central London, Milton Keynes and Surrey, and, locally and nationally, are working closely to respond to this Health emergency. Structures and Governance arrangements in CNWL have also changed to respond to the needs of the services users as the Trust emerges from the Crisis Response phase and moves to a parallel Recovery Planning Phase. CNWL has a robust planning process together with its partners to address the 'New Normal' as we emerge from the pandemic.

Note 36 Critical accounting estimates and judgement

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The judgements and key sources of estimation uncertainty that have a significant effect on the material amounts recognised in the financial statements in the current or next financial year are detailed below:

1. Determination of useful lives for property, plant and equipment – estimated useful lives for Trust's assets are based on common, widely used assumptions for each asset type except where specialist information is available from professional bodies. The Trust reviews these lives on a regular basis as part of the process to assess whether assets have been impaired.

2. Capital expenditure on leasehold assets with short leases – less than 10 years, and those without a formal lease agreement in place, is excluded for valuation services.

"The rationale for this methodology is in accordance with paragraph 7.1.14 of the FReM, states that Trust may adopt a depreciated historical costs basis as a proxy for the current value in existing use or a fair value in respect of assets which have short useful lives or low values (or both). For depreciated historical cost to be considered as a proxy for current value in existing use or fair value, the useful life must be a realistic reflection of the life of the asset and the depreciation method used must provide a realistic reflection of the consumption of that asset. Where such a basis is not used, assets should be carried at fair value or current value in existing use and NHS foundation trusts should value them using the most appropriate valuation methodology available.

Where the remaining lease was less than 10 years, the trust has decided to value these at historical cost depreciated over the remaining life of the lease."

For those assets without a formal lease, the trust has opted to maintain the historical cost of its capital expenditure. This will be depreciated over the life of the property; the asset life will be an estimate provided by the Trust's Estates department.

3. Income is deferred to the value of future benefits expected and is amortised through the SOCI on a systematic basis over the period expected to benefit from the project.

4. Accruals are based on estimates and judgements of historical trends and anticipated outcomes. At the end of each accounting period, management review items that are outstanding and estimate the amount to be accrued in the closing financial statements of the foundation trust. Any variation between the estimate and the actual is recorded under the relevant heading within the accounts in the subsequent financial period.

5. Provisions for pension and legal liabilities are based on the information provided from NHS Pension Agency, NHS Litigation Agency and the Trust's own sources. Pension provision is based on the life expectancy of the individual pensioner as stated in the UK Actuarial Department most recent life tables which change annually. All provisions are estimates of the actual costs of future cash flows and are dependent on future events. Any differences between expectations and the actual future liability will be accounted for in the period when such determination is made.

6. The debtors and intangible assets are shown at fair values and any provisions for impairments in values provided for when it is judged that these are required for adjustment to the fair values.

Note 37 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases

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

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

On transition to IFRS 16 on 1 April 2021, the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 1.27% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments.

For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition]. No adjustments will be made on 1 April 2021 for existing finance leases.

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

HM Treasury revised the implementation date for IFRS 16 in the UK public sector to 1 April 2021 on 19 March 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2021 and beyond, a quantification of the expected impact of applying the standard in 2021/22 is currently impracticable. However, the trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation.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Central and North West London
NHS Foundation Trust

Annual Report and Accounts 2019-20

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