



# Annual Report and Accounts 2019-2020





**University Hospitals of Derby and Burton NHS Foundation Trust**

**Annual Report and Accounts 2019-2020**

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



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This report takes account of the guidance issued by NHS Improvement (NHSI) within the NHS Foundation Trust Annual Reporting Manual 2019-20 and the revised NHS Foundation Trust Code of Governance (July 2014). The Board of Directors are responsible for preparing this document. The Board considers the 2019-20 Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provides the information necessary for patients, regulators, and other stake- holders to assess the Trust’s performance, business model and strategy. The audited accounts of the group have been prepared under a direction issued by NHSI under the National Health Service Act 2006.

## Chair and Chief Executive's Statement

There have been many things to celebrate in 2019/20 across all of our hospitals. Our Care Quality Commission inspection and report were released in June 2019 and we were rated as Good overall and our 'End of Life' care, which was rated as 'Outstanding' for Responsive, a first for the Trust and hugely deserved by all those involved.

We also had a positive staff survey, with the number of staff saying that patient care was the Trust's top priority being well above the national average for acute trusts, as were the numbers who said that the care provided was of the standard they would wish for their own families and that they would recommend working here. We won a national award for retaining our staff, which shows that once you work here at the Trust you won't want to leave!

There have been challenges too. The financial environment has been particularly difficult. Whilst making significant efficiency savings of around £23m we were unable to achieve our financial 'control total' by the year end. We completed the year with a deficit of £71.4m. This was £40.1m greater than our compliance target. The main contributors to this position were the effect of a significantly greater than anticipated rise in emergency demand and a failure to deliver savings which required the support of the wider system. However the Trust was compliant with its plan during the first two quarters and so received £15.6m of Provider Sustainability Funding but was not eligible to receive Provider Sustainability Funding in the last two quarters. We have continued to deliver safe and effective care although some of the national standards eg for A&E and for some aspects of cancer care have not been delivered. These have been challenging across the NHS and few organisations have consistently achieved them. However, we are working hard to improve our services and have made good progress in applying our 'LEAN' Improvement Practice approach to help us.

Our staff have also had a share of the limelight, be that through our own Making a Difference Awards, or the 'The Big Hospital Experiment', a documentary on BBC2 in the autumn that followed the lives of a dozen young people as they volunteered to work in clinical areas. However, back in September 2019 when the show was broadcast we could not have envisaged that our hospitals would change so rapidly and unexpectedly as they have due to COVID-19.

The pandemic has posed the biggest challenge ever to the NHS in its 72-year history and we are proud of the way our colleagues responded to it; with courage and selfless dedication.

At our hospitals we were able to quickly develop plans to respond. For example, we were able to increase our critical care capacity fivefold in a short amount of time. During the initial outbreak the spread of infection was slowed thanks to social distancing measures so thankfully this capacity was not all required, but it is ready should there be a further wave of the virus. We have also changed for the better many aspects of our care including greater use of 'virtual' consultations and streamlining our discharge processes, changes that we will keep.

Since the new Trust was formed in July 2018 we have been on a journey to bring our staff together and improve our care for the communities we serve. When we first merged we wanted to sustain important local services at Queen's Hospital Burton, to provide Royal Derby Hospital with a bigger population to help support and grow our specialist services, research and education interests, and to make best use of our Community Hospitals in Lichfield, Tamworth and Derby by working together with our partners across Staffordshire and Derbyshire. We have continued to make good progress for example strengthening important services at Queens Hospital Burton such as imaging and acute medicine. As well as introducing new clinical

pathways, for example for Stroke which will improve the care of people from Burton and East Staffordshire.

We have continued to invest in our facilities, for example the completion of the new three storey extension of the Treatment Centre at Queen's Hospital Burton, and our equipment replacement programme for high cost items such as surgical robots, CT and MR scanners. We are progressing our plans for other developments at Queen's Hospital Burton including the redevelopment of the Outwoods site.

In many ways COVID-19 has accelerated our progress, and our values of Compassion, Excellence, and Openness, which were chosen by our staff, have shone through in ways we could never have imagined. At the time of writing we had lost four of our own colleagues to COVID-19. We will always remember the special contribution Amged El-Hawrani, Manjeet Singh Riyat, Eileen Landers and Norman Austria made to our hospitals.

Writing in the spring of 2020 it is a time of uncertainty for the NHS and for our Trust. Many of our services are still operating at reduced capacity and we anticipate having a significant presence in our hospitals of patients who are COVID-19 positive for many months to come. However, we are looking to the future. We have developed a strategy for our hospitals for the next five years that will help to shape how we meet both new and existing challenges.

This strategy – Exceptional Care Together – has been shaped by our people, governors and stakeholders. It sets out our future direction and our plans to contribute to the development of more integrated services as part of the wider health and care systems in Derbyshire and Staffordshire, to work with other major centres across the region to develop more networked approaches to the delivery of specialised services, and to work with our local Universities and other institutions to increase our role as a national leader in research and education.

Finally, we have been incredibly proud of all our 13,000 colleagues over the past year. In these testing times we really have seen the very best of NHS people. We're grateful for the aid our partners have provided when we have needed them and for the encouragement and scrutiny of our elected and appointed Governors. We have been humbled by the assistance that our communities have given to us, both in practical terms but also the moral support they have shown in so many different ways.

We want to thank all those who have helped us during 2019/2020 and in the months that have followed. We look forward to the coming year when despite the uncertainty we will take the next steps to deliver Exceptional Care Together.



**Dr Kathy McLean OBE**  
Chair  
30 July 2020



**Gavin Boyle**  
Chief Executive  
30 July 2020

## Trust Profile and History

University Hospitals of Derby and Burton NHS Foundation Trust (UHDB) was formed on 1 July 2018 by two Trusts coming together; formerly Burton Hospitals and Derby Teaching Hospitals. This was driven by a desire to improve services for local people in South Derbyshire and South and East Staffordshire; bringing together the expertise of 13,000 NHS staff across our five hospitals; with an annual budget of over £870 million.

The merger has enabled us to secure important local services at Queen's Hospital Burton, expand our specialist services at Royal Derby Hospital and develop the role of our Community Hospitals in Lichfield, Tamworth and Derby as part of the emerging plans for more integrated services across the counties of Derbyshire and Staffordshire.

All five of our hospitals retained their individual names and their own unique identities; each having an important part to play in our future. By coming together we are building upon the strengths of both former Trusts in Derby and Burton to achieve our aim of delivering Exceptional Care Together.

UHDB is now one of the largest hospital providers in the region. Our aim is to provide the highest standards of care and be a leader in healthcare research, education and innovation.

The healthcare systems across Derbyshire and Staffordshire including the Clinical Commissioning Groups (CCG's), Local Authorities and NHS providers and GP's are working to develop more integrated services which work seamlessly together, aiming to ensure that all in our communities have the best start in life, live well and age well. These partnerships or Integrated Care Systems will be the means by which the improvements set out in the Long-term Plan for the NHS<sup>1</sup> will be delivered.

As a University Hospital we are a research active Trust and work closely with the National Institute for Health Research and our partner universities in Nottingham, Derbyshire and others. We are also a leading provider of healthcare education from apprenticeships to post graduate qualifications with our partners at Health Education England and with our local higher and further education institutions. We are nationally recognised for volunteering which gives our Trust a warm, friendly, family feel. Our Trust and region are a great place to live, learn and work.

We provide services on five main sites including the Royal Derby Hospital which provides general acute and specialist care including complex surgery, radiotherapy, cancer care services and others. The Queen's Hospital Burton provides important general hospital services to the people of Burton and East Staffordshire including A&E, critical care, inpatient surgical and medical services, paediatrics and maternity care. We have three Community Hospitals in Lichfield, Tamworth and Derby providing outpatients services, step-down healthcare of the elderly beds, minor injuries and outpatient services. At London Road Community Hospital in Derby we also have specialised neuro rehabilitation, at Sir Robert Peel Community Hospital there is daycase surgery and endoscopy and at Samuel Johnson Community Hospital there is a renal dialysis and a midwifery led birthing centre.

Also during the year we have welcomed colleagues from the daycase and outpatients department at Ilkeston Hospital who have joined the UHDB Team. We also provide Derbyshire

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<sup>1</sup> <https://www.longtermplan.nhs.uk/publication/nhs-long-term-plan/>



Pathology, an integrated service supporting all NHS organisations including primary care in Derbyshire, delivered in partnership with Chesterfield Royal Hospital.

The Trust has one of the largest planned surgical programmes in the country with the third highest number of elective operations. The Royal Derby Hospital is a leading cancer centre; and one of only a few hospitals in the country with three surgical robots which aid in minimally invasive surgery; UHDB has a world renowned Hand Unit providing specialist care and therapy. In addition, every day our hospitals see more than 4,000 outpatients, nearly 1,000 patients in our busy A&E and Minor Injury Units, and carry out in excess of 400 elective procedures.

Derby Private Health is based at the Royal Derby Hospital; providing inpatient and outpatient private health services. All profits from Derby Private Health are invested into local NHS services; improving healthcare for everyone.

The Royal Derby Hospital, incorporating the Derby Medical School and School of Health Sciences, is Derbyshire's only teaching hospital; working in partnership with the University of Derby and the University of Nottingham, educating and training future generations of doctors, nurses and other healthcare professionals. Queen's Hospital Burton also has close links with the University of Wolverhampton and Leicester.

UHDB staff and volunteers pride themselves on delivering high quality patient care; this has been consistently recognised year upon year through achievement of many national awards for patient care, safety and patient experience.

## Vision and Values

Forming our new Trust in July 2018 gave us the opportunity to think about what kind of organisation we wanted to become. To do this we engaged all of our people in a 'big conversation' to think about this and the answer three important questions.

- **Why?** - Why are we here – our fundamental purpose;
- **How?** - How should we behave as an organisation; and
- **What?** - What specific things do we intend to do to improve the lives of the communities we serve.

We had 73,000 responses from colleagues; from this the answers to these three questions emerged:

### Why? – Our purpose:

To deliver Exceptional Care Together

**“Together we make a difference, we save lives and give excellent care to everyone who needs it. We will become the best place to work, learn and receive care in the NHS by applying the highest level of skill, knowledge and research.”**

### How? – Our Values and Behaviours:

Our people repeatedly used three words which have now become a statement of our collective values – compassion, openness and excellence.

These values shape how we behave:

<b>Compassion</b>	We show kindness We behave with integrity We are thoughtful
<b>Openness</b>	We are inclusive; we respect and value everyone We collaborate We actively listen and give and seek feedback
<b>Excellence</b>	We take responsibility We continuously learn and grow We push boundaries and challenge ourselves

With regard to excellence, we do not think that we are there yet but believe passionately that excellent care is what the communities we serve deserve. We have taken responsibility for this and have set our standards high.

### **What? – Our Strategic Aims:**

We have also agreed five strategic priorities or our PRIDE ambitions. In 2020/2021 we will publish detailed plans regarding how we will achieve them:

- P - Putting our patients and communities first
- R - Right first time
- I - Invest our resources wisely
- D - Develop and nurture our colleagues
- E - Ensure improvement through effective partnerships

With regard to our partnership responsibilities we have begun to place a much greater emphasis on how we can contribute to the aims of the wider health and care systems in Staffordshire and Derbyshire, as we develop our Integrated Care Systems. We recognise that UHDB is one of the largest employers in our region and spends £850m each year in wages and on supplies. As an 'anchor' organisation in the wider local economy we recognise our responsibility to be more than a provider of healthcare but also to help improve the wellbeing of our communities, to help raise the aspirations of young people, address inequality, promote greater environmental sustainability and support the local economy too.

## Highlights of the year

2019-2020 has been both an exciting but also a challenging period. The end of the year was significantly affected by COVID-19, but prior to this there had been a number of highlights across the Trust.

### April 2019

#### ***Derbyshire Community Health Services NHS Trust Partnership***

An agreement was reached for UHDB to provide consultant-led outpatient appointments in 16 specialties across a further five sites within Derbyshire. Working closely with Derbyshire Community Health Services NHS Foundation Trust (DCHS) and CCGs, more than 140 NHS staff transferred later in the year across to UHDB, the majority of whom are based at Ilkeston Hospital. UHDB already provides planned care services across an increased range of Community Hospitals, including in Staffordshire. The benefits for patients include achieving better outcomes for our local population, improving health and wellbeing and reducing health inequalities. In addition, this change means we will be able to improve productivity and efficiency and provide a more efficient workforce model in line with the NHS long term plan.

### May 2019

#### ***Healing Garden***

A new Healing Garden opened in May 2019 at Royal Derby Hospital. The garden, which is located outside the Coronary Care Unit, comprises a series of flower beds and paving stones and a commemorative bench, where staff and patients can plant bulbs in memory of a loved one who has died at one of our hospitals.

### June 2019

#### ***Care Quality Commission***

CQC inspectors visited our hospitals in January and February 2019 and a Well-Led review took place in March 2019.

The Trust has been rated 'Good' by the Care Quality Commission (CQC) following its first inspection. The CQC recognised significant improvements in several areas, including 'End of Life', which was rated as 'Outstanding' for Responsive, a first for the Trust. The report is very complimentary of staff and volunteers at UHDB and it picks out areas of outstanding practice, including:

- a) Assistance offered to our deaf patients at the Royal Derby Hospital A&E
- b) The pop up bedrooms scheme, which is an initiative to enhance the environment of the end of life care patients' room
- c) The number of Queen's Hospital Burton critical care initiatives to provide patients with the on-going support that they need post discharge
- d) The work of A&E at Queen's Hospital Burton to significantly improve levels of recruitment and retention of staff.

The Trust was pleased with the rating; it's a testament to the hard work of our 13,000 staff across all five of our hospitals. Since we merged the two trusts in July 2018 there has been an incredible amount of work done behind the scenes to change the way we care for patients and it is pleasing to see this has been recognised in the CQC report.

## **July 2019**

### ***One year anniversary***

The first anniversary of University Hospitals of Derby and Burton NHS Foundation Trust took place on 1 July 2019. In creating UHDB, the aim was to:

- Sustain important local services at Queen's Hospital Burton,
- To provide Royal Derby Hospital with a bigger population to help support and grow our specialist services, research and education interests, and
- To make best use of our Community Hospitals in Lichfield, Tamworth and Derby by working together with our partners across Staffordshire and Derbyshire.

Over the year, there has been good progress in achieving these aims. We have seen services strengthened at Queen's Hospital Burton, with improvements, for example, in Renal and Urgent Care and recruitment into key posts in specialties, such as Imaging, Cardiology and Acute Medicine.

## **August 2019**

### ***Chair and Non-Executives***

Dr Kathy McLean OBE was appointed as Chair of the Board from 1 August 2019. Kathy replaced Chair John Rivers CBE DL, who retired at the end of July 2019 following more than 10 years of NHS service as the Chair of this organisation. During this time John has overseen a transformation in care since the new Royal Derby Hospital opened and the merger between Derby Teaching Hospitals NHS Foundation Trust and Burton Hospitals NHS Foundation Trust.

## **September 2019**

### ***Making a Difference Awards***

The Trust launched a new recognition scheme, which included a new annual awards ceremony, monthly awards and thank you cards. The Making a Difference Awards, which link directly to our vision statement and the new Compassion, Openness and Excellence values, replace Celebrating Success at Derby and the PRIDE Awards at Burton. The new annual awards ceremony took place on 20 September 2019. Also a number of the Trust's staff were put forward for National awards.

## **October 2019**

### ***The Big Hospital Experiment***

A BBC2 documentary followed a group of volunteers as they took part in a social experiment, designed to test whether young people with no clinical experience could make a positive difference to patient care. The four-part series saw a group of 14 young people, many of whom have never worked before, as they ventured out to work on six of the busiest wards at Royal Derby Hospital.

The programme attracted praise from across the NHS and the voluntary sector and was trending fourth in the UK on Twitter. UHDB is recognised as one of the leading NHS trusts in the country for enabling volunteers to support the NHS, and was awarded the Queen's Award for Voluntary Service in 2016.

## **November 2019**

### ***HPV Primary Screening Pathway***

UHDB successfully tendered for the NHS Cervical Screening Programme. In this case the provision of Laboratory Services to Support the Delivery of the HPV Primary Screening Pathway, part of cervical screening. Only nine providers were being selected across the country, which meant there was strong competition in the NHS for these.

## December 2019

### ***Retention team of the year***

The Trust has been recognised for working hard to improve retention after being awarded Retention Team of the Year at a national award ceremony for Nursing. The Trust has been commended for its work in retaining nursing staff and achieving one of the best retention figures in the region, with a turnover of just 8.4% in 2018/2019.

## January 2020

### ***Pulvertaft Hand Centre***

A cobbler who lost his thumb has been able to return to the job he loves after surgeons at UHDB sewed one of his big toes onto his hand in its place. David was trimming the heel of a shoe in his shop when he suddenly became tangled in the machine and, to his horror, watched his severed thumb drop onto the floor. David appeared on a national TV programme with one of the two Consultant Hand Surgeons who performed the operation.

## February 2020

### ***NHS Staff Survey***

The NHS Staff Survey results are an important barometer for how it feels to work at UHDB, with nearly 6,000 staff taking part at the end of last year. Thanks goes to the numbers of staff who completed the survey- 47% this year, up from 38% the previous year. The survey provides a very good indicator about how our services are performing, from the people who provide them. This year's survey was also really important as it is the first time we can compare the scores for the merged organisation to what the staff thought a year ago. We could not do that previously as the figures were pre-merger. The main outcome is that UHDB staff still believe UHDB is the best place to work, is the place for their families to receive care, and that care is our top priority. All three were well above the average of other acute hospitals:

		UHDB	National Ave.
1	Patient care is our top priority	80.1%	(77.4%)
2	I would recommend working here	67.5%	(62.5%)
3	Our care is up to standard for my family/friends	78.7%	(70.5%)

On the 11 key indicators, such as quality of care, safety and engagement, we're above or below to within 1-2% of the national average. We want to be the best, and this is a good base from which to start. However, the survey did identify areas where the Trust can improve, some which will take time and others which have been identified as areas where we can make quick wins.

## March 2020

### ***Coronavirus (COVID-19)***

The Coronavirus (COVID-19) pandemic caused a significant impact on services at the Trust and the estate was restructured to cope with the additional ICU capacity. The Trust has had to look at different ways of working whilst ensuring the maximum support to the doctors and nurses working at the frontline with this virus.

## Performance Analysis

### Staff Survey Statement

The NHS Staff Survey is recognised as an important way of ensuring that the views of staff working in the NHS inform local improvements and are fed into local and national assessments of quality, safety, and delivery of the NHS Constitution. The results were submitted to, and published by, the Care Quality Commission (CQC) on 18 February 2020.

A total of 12,465 of our staff were eligible to complete the survey and 5,886 returned the survey, giving the Trust a response rate of 47.2%. This percentage puts UDHB only very slightly below the average for acute trusts in England (47.5%), and compares well with UHDB's response rate of 38% in 2018 (as well as with historic response rates of 42% for Derby and 47% for Burton legacy trusts in the 2017 survey).

As in 2018, and following a national guideline, the Trust's survey did not include ROE staff (Retention of Employment staff not paid by the Trust but who retain employment rights, including most cleaners, porters and ward hosts/hostesses).

### Key Issues & Risks that could affect the Trust in delivering its objectives

As identified in more detail within the Accountability Report, the Trust has identified a number of strategic imperatives, underpinning its five PRIDE values. Specifically, these imperatives are;

- Developing services to maximise productivity and efficiency
- Delivering quality in everything we do; safety, effectiveness and patient experience
- Developing integrated care for people with long term conditions to help them stay as healthy as they can
- Creating networks for complex and acute care

In developing strategic objectives relating to the above, the Trust continues to focus on:

- System transformation
- Strategic alliances
- Relationships with Local Commissioners/ Stakeholder Relations

Key risks that could affect the Trust in delivering its objectives were set out within the Board Assurance Framework (BAF) for 2019-2020 that was developed in line with the Risk Management Strategy and Policy.

The most significant risks are considered to be as follows:

- The impact of Coronavirus (COVID-19) on the delivery of Services
- Failure to address the findings from regulatory, safeguarding, quality and compliance inspections could lead to clinical and reputational risks in specific areas of service provision
- Failure to build on the CQC rating of good and integrate and develop a new Quality Strategy to deliver its strategic objectives and ambition to move to an "outstanding" rating
- Failure to deliver 2019/20 financial plan in respect of: Income and Expenditure budgets
- Failure to deliver required financial benefits described in the Full Business Case or Integration Plan
- Failure to deliver required financial benefits of our Transformation programme and delivery of CIP

- Failure to develop and implement an effective workforce strategy that addresses workforce issues in the immediate and long term including those impacted by external influences
- Failure to have a contingency plan in place to mitigate the potential significant negative impact that a no deal Brexit or other external influences would have on service delivery and procurement
- Failure to effectively engage with external partners to deliver "University Hospital" ambitions particularly in relation to the development of Tertiary services, Research and Education and Training

During March 2020, the COVID-19 pandemic hit the UK significantly impacting on the operation of UHDB and the NHS in general. A specific risk register was produced for this concern backed up by a dedicated COVID-19 risk register. This was reviewed and updated daily due to the fast changing pace of the pandemic. A dedicated Gold Command structure was put in place to deal with the issues that arose from the pandemic and this linked into the Trust Governance structure.

All divisional risks and the risks are reviewed monthly at the Risk and Compliance Committee as well as being seen by Trust Operational Group and bi-monthly at the Board sub-committees. The BAF, together with a high level risk report, is seen regularly at Public Board.

### **Going Concern**

The financial statements for the year ended 31 March 2020 have been prepared on a Going Concern basis, as stated in the Chief Executive's Accounting Officer Statement. The Trust is again expecting to incur a deficit during the next 12 months and as a result will require significant additional external funding. Although the level of this funding stream is not yet formally agreed, the Trust's Board has a reasonable expectation that the required funding will be provided from external sources.

The Board continues to monitor its monthly and future cash position and is engaged in on-going discussions, through NHS Improvement, with the Department of Health, for funding support. Full details in relation to the financial situation and material uncertainty are detailed in the Notes to the Accounts.

As part of the Government's response to the COVID-19 pandemic an agreement was made to fully fund all NHS Acute Trusts for the first four months of the 2020/2021 financial year. This will have a significant impact on the Trust and once this additional funding comes to an end a review of the financial position will be undertaken. It has also been confirmed that the Trust operating debt will be converted to Public Dividend Capital.

### **How the Trust measures performance**

The Trust measures Business Units and Divisions on key indicators and targets split across five domains using the PRIDE framework. This enables the development of operational plans at Divisional level which will help to ensure that operational delivery is supporting the achievement of the Trust's long term aims. The monthly Performance Management Meetings (PMMs) between the Executive and Divisional leadership teams track delivery of these Divisional plans.

The Integrated Performance Report has been restructured using the PRIDE framework and each element of the PRIDE framework has been allocated to a sub-Committee of the Trust

Board in order to assure the Trust Board that particular operational and strategic objectives are being achieved as per below:

- P** Putting our patients and communities first – Quality Committee
- R** Right first time – Quality Committee
- I** Invest our resources wisely - Finance and Investment and Performance Committee
- D** Develop and Nurture our colleagues – People and Culture Committee
- E** Ensure improvement through effective partnerships – Trust Board

The committee structures beneath these Board sub-committees has been mapped to agree where metrics will be tracked and escalated.

Summary of Performance in 2019-2020.

## Cancer Waiting Times

Cancer performance is reviewed by the Cancer Programme Board which is chaired by the Medical Director or the Executive Chief Operating Officer. In addition to assuring performance against agreed improvement trajectories the Cancer Programme Board reviews all breaches of the 62 day target to receive assurance that patients have not been harmed as a result of any delays.

Maximum waiting time of 62 days from urgent GP referral to first treatment for all cancers

<i>All cancers: 62-day wait for first treatment from: • urgent GP referral for suspected cancer • NHS Cancer Screening Service referral</i>	University Hospitals of Derby and Burton NHS Foundation Trust	National Average	Highest Performing Trust	Lowest Performing Trust
2019-2020 (Apr - Feb)	74.20%	76.93%	94.26%	58.19%
2018-2019 (Full FY Burton and Derby Combined)	78.56%	78.97%	95.79%	57.59%
2017-2018 (Burton and Derby Figures Combined)	79.27%	82.01%	94.58%	60.79%

## A&E Wait Times

The four hour wait performance has again proved as challenging for us as it has nationally. Attendance numbers and patients requiring admission have increased – this has put particular pressure on our overall bed capacity which is something we continue to work on at both Royal Derby Hospital and Queen’s Hospital Burton. The Trust continues to play a proactive part in both Derbyshire and Staffordshire Urgent Care strategy and improvement plans agreed with our local Clinical Commissioning Groups, local A&E Delivery Board, and our local Health and Social Care partners.

The Trust continues to work with our “Every Day Counts” scheme to ensure there are no unnecessary delays for inpatients and to improve patient flow.

The Trust has implemented the Safer, Faster, Better Standards which incorporates Red2Green (ensuring there are no unnecessary delays for inpatients) to improve patient flow.



Percentage of Patients with a Total Time in A&E of Four Hours or Less from Arrival to Admission, Transfer or Discharge.

<b><i>A&amp;E: maximum waiting time of 4 hours from arrival to admission/transfer/discharge</i></b>	<b>University Hospitals of Derby and Burton NHS Foundation Trust</b>	<b>National Average</b>	<b>Highest Performing Trust</b>	<b>Lowest Performing Trust</b>
<b>2019-2020</b>	77.46%	83.18%	98.80%	66.26%
<b>2018-2019</b>	85.17%	85.48%	97.91%	66.91%
<b>2017-2018</b>	87.80%	85.87%	98.26%	70.43%

*Data has been extracted from NHSE statistics section. In order to compare against peers data only includes Hospitals that submit Type 1 & Type 3 data, but do not submit Type 2 data.*

### **Referral to Treatment (RTT) Waiting Times**

The Trust failed to achieve the incomplete target in 2019/2020 (although performance has remained above the national average), with the impact of lost capacity due to winter pressures being the main contributory factor. The focus nationally and within the contracts with our local Clinical Commissioning Groups is to aim to hold or reduce the number of pathways for patients waiting to be seen.

<b><i>Maximum time of 18 weeks from point of referral to treatment (RTT) in aggregate – patients on an incomplete pathway</i></b>	<b>University Hospitals of Derby and Burton NHS Foundation Trust</b>	<b>National Average</b>	<b>Highest Performing Trust</b>	<b>Lowest Performing Trust</b>
<b>2019-2020 (Mar-2020)</b>	79.08%	72.94%	100.00%	58.08%
<b>2018-2019 (Mar-2019)</b>	88.86%	86.70%	100.00%	71.14%
<b>2017-2018 (Mar-2018)</b>	89.92%	87.22%	100.00%	66.24%

*2018-2019: Position as submitted March 2019*

*2019-2020: Position as submitted March 2020*

### **Clostridium difficile Infections (C.diff)**

The end of year total for C.diff cases was 114 cases attributed to UHDB in 2019/2020. The trajectory was calculated at no more than 117 cases.

The Trust remains fully committed to improving all aspects of Infection Prevention and Control to minimise the numbers of patients who contract C.diff and there is on-going scrutiny of each case to identify learning from lapses of care.

Detailed performance measurement is in place with reports going to each Board sub-committee on a regular basis as detailed in their workplans. Performance Management Meetings are held with all the divisions and these are reported through the governance structures.

## 7 Day Services

Since 2016, Derby and Burton acute hospitals have completed a twice-yearly audit of patient notes as evidence to NHS England of the standard of care across 7 days of the week. The 7 Day Service national survey covers the management of patients admitted as an emergency, measured against four priority standards.

Progress towards standards was previously measured twice a year through a 7 Day Service Self-Assessment tool. All acute NHS provider trusts were required to undertake and submit a sample of case notes reviews for standards 2, 5, 6 and 8 across a seven day period. UHDB has improved across some of these standards and will continue to complete submissions of monitoring performance through a new Board Assurance Framework which is undertaken on a quarterly basis.

The Trust continues to face challenges in achieving these standards, however benchmarking across the region and across the country shows that the Trust is within national and regional parameters.

## Financial Performance

The Trust has provided details of financial performance for the year in the Explanatory Foreword to the Annual Accounts. Financial performance is reviewed through the same performance cycle as described above. In addition, Divisional teams attended the Finance, Investment and Performance Committee during the year to present their financial position, covering key reasons for off plan performance and any actions that will be taken to improve the situation.

## Other key measures

Quality measures are escalated from Performance Management Meetings through to the Quality Review Group and then to the Quality and Performance Committee. The Executive Medical Director and Executive Chief Nurse also include quality measures in their reports to the Trust Board. Nurse staffing fill rates are reviewed at Safe Staffing Board and triangulated with other performance measures at Divisional Performance Management meetings.

## Annual Report Sustainability UHDB

Climate change poses a major threat to our health as well as our planet and this is why at UHDB we are taking action for a greener NHS, working with our staff and our partners. We will continue to keep active and grow our Green Plan and Travel Plan. We have a number of projects to work on over the coming years and have put together a two year plan as things are changing rapidly and we want to keep it fresh. The Trust has signed up to reducing single use plastics and continues to develop its commitment to reducing the negative impacts of activities on the environment by managing energy use, reducing travel emissions, reducing our waste and overall carbon footprint so we can strive to become net zero carbon by 2050.

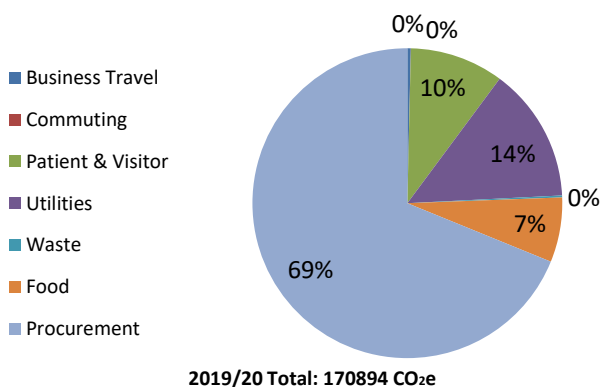
### Carbon footprint

Climate change poses a major threat to our health as well as our planet and this is why at UHDB we are taking action for a greener NHS, working with our staff and our partners. We will continue to keep active and grow our Green Plan and Travel Plan. We have a number of projects to work on over the coming years and have put together a two year plan as things are changing rapidly and we want to keep it fresh. The Trust has signed up to reducing single use plastics and continues to develop its commitment to reducing the negative impacts of activities on the environment by managing energy use, reducing travel emissions, reducing our waste and overall carbon footprint so we can strive to become net zero carbon by 2050.

### Carbon footprint

The 2018/2019 carbon footprint report was the first joint report since our two trusts merged. The figures from the 2018/19 footprint are now the benchmark for future footprint reporting.

The total carbon footprint for 2019/20 was calculated at 170,894 tonnes CO<sub>2</sub>e, a 15% overall reduction compared to the benchmark year (201,503 tonnes CO<sub>2</sub>e). Where specific data was unavailable, such as public transport mileage for Queen's, Samuel Johnson and Sir Robert Peel staff business travel, estimated data and assumptions were used for calculations. Emissions attributable to Procurement continue to represent more than half of the carbon footprint; though a 24% reduction in procurement related emissions was observed in 2019/20 compared to the benchmark. A reduction was also observed in emissions attributable to staff commuting; whilst increases were observed in the waste (+30%), food (+17%) and patient/visitor travel (+55%) categories.



**Total: 170,894 tonnes CO<sub>2</sub>e**

## What we have done

UHDB's Green Plan was published in July 2020. The Green Plan has been developed from the Sustainable Development Assessment Tool (SDAT). The Green Plan will give us an understanding of our sustainable development achievements so we can measure our progress and devise an action plan for future improvements.

In April 2020 UHDB undertook its first joint SDAT covering ten modules and achieved an overall score of 41%. This has highlighted the areas where we are doing well for instance Adaptation scoring 77% and areas that we need to look at such as 'Use of Resources' which only scored 19%.

## Environmental Champions



During the UHDB Sustainability week we trained over 20 new Environmental Champions, who work in a mix of areas across the Trust. Our Champions are trained on all aspects of good practise relevant to reducing our carbon footprint including impacts on the environment, waste, procurement, energy and travel. This leads to our Champions being able to have the confidence to go back to their areas to promote and feed off the ideas created during training and implement them on the wards/departments.

Some of the projects that the Champions have helped with are; Tree planting, crisp packet recycling, reducing the use of patient property bags, and helping to promote the Travel Plan.

## Travel Plan

We are developing a new Travel Plan that will cover all UHDB sites. Our first UHDB Travel summary was published in August 2019 and featured the results of our first joint staff travel survey. 20% of our workforce responded to the survey. The figures presented were what we expected, with single occupancy vehicles (SOV) rising to 61% as more staff are working across sites and need to bring their car to work to enable travel between the Derby and Burton sites as there is limited public transport to link the Royal Derby Hospital and Queen's Hospital Burton together.

A number of events are held throughout the year including public transport week, clean air day and two wheels to work week where we have a number of stakeholders come to site to help promote active and sustainable travel to everyone that comes to our sites. We are constantly working with our bus providers, local businesses and councils to help improve all our transport options at each of our sites.

## Waste

The Trust is committed to reducing waste at the hospital sites and a number of initiatives have taken place over the past year. At Royal Derby Hospital 550 staff were trained in waste awareness and 247 at Queen's Hospital Burton. A complete waste audit was conducted at the Queen's Hospital Burton, Samuel Johnson and Sir Robert Peel sites and 112 departments were audited at Royal Derby Hospital to identify non-compliance and areas for improvement.

Following successful implementation of food waste recycling bins at Samuel Johnson and Sir Robert Peel Community Hospital in 2018/2019, last year saw this waste stream implemented at the Queen's Hospital Burton Catering Central Production Unit (CPU) enabling the recycling of 6.96 tonnes of food waste prior to closure of the CPU. Waste Management and Catering are

seeking to introduce food waste recycling in the restaurant to divert 250 tonnes of food waste from the sewer system each year.

The Queen's Hospital Burton, Samuel Johnson and Sir Robert Peel sites work with the general waste contractor for these sites (Ward Recycling) to ensure that the general waste collected is sorted and any recyclables sent for onward processing. In 2019/2020 this ensured 93% of general waste was separated for recycling and from the Sterimelt machine a rebate of £1,018.50 was generated by recycling the blue theatre wraps.

Royal Derby Hospital's waste contract is operated by Skanska and over the past year they have made the following savings:

- £2,368 confidential waste paper rebate (118.40 tonnes)
- £2,530.76 cardboard waste rebate (84.04 tonnes)
- £1,266.60 metal waste rebate (18.79 tonnes)

We pride ourselves on helping others and have made a number of donations of medical supplies and equipment this year to the charity Hand in Hand with Syria.

## **Energy**

The Trust monitors its energy consumption on a monthly basis by comparing the relevant utility performance with the same period for the previous year and if the performance is deteriorating Derby Healthcare will take the relevant actions to improve this.

### **Royal Derby Hospital**

#### **Efficiency of Air Handling Units**

A review of the efficiency of the Air Handling units was undertaken and following adjustments to their setting a considerable reduction in gas and electricity consumptions was achieved.

#### **Efficiency of heating system (Wet)**

An analysis of the use and control for the heating system was undertaken and resulted in a reduction in gas and electricity consumption.

#### **Steam Boilers (three boilers)**

Overall operational efficiency was reviewed and it was determined that one boiler could deliver the steam load demand as opposed to three boilers operating in parallel.

#### **Medium temperature hot water Boilers (4 boilers)**

Operational characteristics were reviewed relevant to the running of all boilers and it was determined that one boiler was capable of handling the load. Resulting in a programme being developed to operate on a lead and lag basis.

#### **Efficiency of Chillers**

We monitored Chiller operating efficiency, coefficient of performance (COP) relevant to outside air temperature; this resulted in a reduction of electricity consumption.

#### **Renal Reverse Osmosis (RO) project**

A project took place to reconfigure the RO operational criteria to improve the operating efficiency.

## Queen's Hospital Burton

### LED Lighting

LED lighting is continually being installed across the site to make it more energy efficient and create savings.

### Fans

Efficient Cooling fans will be installed to replace existing fans in Endoscopy and A&E.

### Building Management System

Improvements are constantly being made on the Building Management System to improve efficiencies.

### Combined Heat and Power (CHP)

An extension of the CHP Waste Heat circuit is to be installed to incorporate the Treatment Centre.

## Other Initiatives

### Procurement

Our Procurement department worked on projects that have helped with our sustainability impact at the Trust. They include;

- Rolling the top up project out to Queen's Hospital Burton. This project has helped to reduce waste, minimise disruption to safe patient care, optimise stock levels and has shown a reduction in cost/increased savings.
- Looking at environmental benefits of machinery and process changes at Royal Derby Hospital

### Green Spaces

The health and environmental benefits of access to green space is well known, and the Trust seeks to make the most of the green spaces across its sites for staff and community wellbeing in addition to achieving biodiversity.

30 Urban English Trees – ten Crab Apple, ten Hazel and ten Maple were donated to the Trust by SFS and were planted on the grass bank outside the children's hospital at Royal Derby Hospital in December 2019 and 24 native trees, including 15 donated by the Woodland Trust, were planted at the Queen's Hospital Burton.

## Sustainability Events



A full calendar of sustainability awareness events were held during 2019/2020 ranging from successful active travel events, food bank collections and energy advice.

For the national Clean Air Day, signage was put up at the Royal Derby Hospital and the Queen's Hospital Burton sites to encourage motorists to switch off their engines when queuing or waiting.



## Our Achievements

Our ambition for sustainability and environmental protection continues to thrive and the Trust has again been recognised nationally for their Travel Plan winning the Transport & Logistics award at the Health Business Awards.

Each year the Trust submits data on energy, waste and travel to the Estates Return Information Collection (ERIC) database which is a mandatory requirement. For 2018/2019 UHDB ranked as 4th best out of 34 teaching hospitals nationally for its site energy consumed per heated volume.

## What's ahead 2020/2021

### Our plans for the coming year are;

- To publish our first UHDB Green Plan in July 2020
- To compile the 2019/2020 UHDB carbon footprint report
- To continue collecting and recycling crisp packets through the Terracycle recycle scheme at London Road Community Hospital and the Queen's Hospital Burton, to raise money for the UHDB charities.
- Heat meters for Eastern energy centre and King's Treatment Centre for medium temperature hot water to be installed to monitor the overall operational efficiency.
- To replace LED general lighting life cycle in the Queen's Hospital Burton children's areas and the emergency lighting site wide.
- To install efficient cooling fans in Theatre 5 at Queen's Hospital Burton.
- To replace the 50 year steam/water calorifiers at Queen's Hospital Burton.
- To fit Solar Power panels at the Treatment Centre, Queen's Hospital Burton.

## Social, Community & Human Rights Issues

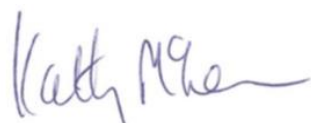
Full information is provided in the Remuneration Report on page 43.

## Post Balance Sheet Events

Since the end of the financial year on 31 March 2020 significant events that have occurred include:

- Impact of COVID-19

There have been no overseas operation by the Trust during the financial year.



**Dr Kathy McLean OBE**  
Chair  
30 July 2020



**Gavin Boyle**  
Chief Executive  
30 July 2020

## Accountability Report

### Directors' Report

#### The Trust Board

The role of the Trust Board is to set the strategic direction of the Trust, to promote leadership of the organisation, and to report to NHS Improvement its performance against predetermined financial and clinical measures.

To achieve these objectives the Trust Board receives regular detailed reports enabling appropriate decisions to be taken directly by the Board or through delegation of authority to various sub-Committees. During the course of the year the Trust Board met, confidentially, on a monthly basis and bi-monthly in public.

The Trust also operates a scheme of delegated authority which identifies certain activities with specific financial limits for approval by the Trust Board and for different levels of key senior management within the organisation.

Decisions reserved to the Trust Board are set out in Section 1 of the Trust's Scheme of Delegation and cover; regulations and control, appointments/dismissal, Strategy, Business Plans and budgets, policy determination, audit, monitoring and the annual report and accounts.

Other delegations are set out in the following sections of the Trust's Scheme of Delegation:

- Section 2 – Committees
- Section 3 – Council of Governors
- Section 4 – Accountable Officer
- Section 5 – those derived from Codes of Conduct and Accountability
- Section 6 – Standing Orders
- Section 7 – Standing Financial Instructions
- Section 8 – Scheme of Delegation

The Trust Board of UHDB comprises nine Non-Executive Directors including the Trust Chair, and eight Executive Directors including the Chief Executive. Executive Directors comprise the Chief Executive, Executive Chief Operating Officer, Executive Director of Finance and Performance, Executive Medical Director, Executive Chief Nurse, Executive Director of People and Organisational Development, Executive Director of Strategy and Improvement and Executive Managing Director - Burton.

The Non-Executive Directors included three specific individuals who have financial and/or commercial experience, two with a clinical background, including a University Professor of Healthcare Research, a digital specialist and one with Local Authority/NHS experience.

During March 2020, a Gold Command system was established in light of the increasing risk from COVID-19. The Executive Chief Operating Officer was the Trust lead and revised governance structures were put in place which included:

- Weekly Non-Executive Director meeting
- Virtual meetings via Microsoft Teams
- Weekly Gold Command updates to Trust Board

Taking account of the NHS Foundation Trust Code of Governance, the Board has taken the view that all the Non-Executive Directors are independent. All Non-Executive Directors declare



their interests and in the unlikelihood that such interests conflict with those of the Trust, then the individual would be excluded from any discussion and decision relating to that specific matter.

Under the terms of the Trust's Constitution, members of the Trust Board are individually required to declare any interest which may under the terms of the Constitution conflict with their appointment as a Director of the Foundation Trust. During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with the University Hospitals of Derby and Burton NHS Foundation Trust. A Register of Directors' Interests is available on the Trust's website or via the Trust Secretary.

Any member of the Foundation Trust wishing to make contact with the Trust Board members should contact the Trust's Corporate Governance Team on 01332 786896 and arrangements will be made for the appropriate Board member to make contact.

**Trust Board Meeting Attendance Register**

2019/20 Executive Directors and Non-executive Directors of the University Hospitals of Derby and Burton NHS Foundation Trust								
Board and Board Committee Attendance								
Executive Directors	Title	Trust Board	Quality	Nom.Rem	People	Audit	FI&P	Charitable Funds
Gavin Boyle	Chief Executive	17 / 17	1 / 12					
Kevin Downs	Executive Director of Finance and Performance	17 / 17				7 / 7	14/14	
Dr Magnus Harrison	Executive Medical Director and Deputy Chief Executive	17 / 17	11 / 12		8 / 12			
Krishna Kallianpur	Interim Executive Chief Nurse	5 / 5	6 / 7					
Sharon Martin	Executive Chief Operating Officer	16 / 17	8 / 12		8 / 12	7 / 7	11/14	
Peter Moore	Executive Director of Strategy and Integration	16 / 17			7 / 12	7 / 7	6/7	
Dr Neil Pease	Executive Director of Workforce – Left the Trust on 31.12.19	12 / 13	4 / 9		8 / 9			
Amanda Rawlings	Executive Director of Workforce – Appointed 02.03.20	1 / 1			2 / 2			
Cathy Winfield	Executive Chief Nurse	11 / 12	4 / 8		7 / 9			
Duncan Bedford	Executive Managing Director – Burton	17 / 17				7 / 7	4/5	
Non-executive Directors	Appointed Term of Office							
John Rivers – Chair	Term of office expired 30.06.19	5 / 5	1 / 6	1 / 1		7 / 7	1/2	
Dr Kathy McLean OBE – Chair	Appointed 01.08.19 term of office expires 31.07.22	12 / 12	1 / 8	3 / 3				
Graham Bragg	Term of office expires 30.04.20	17 / 17		4 / 4		7 / 7	14/14	5/6
Professor Victoria Chapman	Appointed 01.02.20 term of office expires 31.01.23	2 / 2		1 / 1				
Dr John Davies	Term of office expired 30 June 2019	3 / 15	3 / 11	0 / 1	2 / 3			
Paul Doona	Term of office expired 31 May 2019	2 / 12		0 / 1				
Professor Avril Drummond	Term of office expired 31.01.20	9 / 15	7 / 10	1 / 3				5/6
Christine Fearn	Appointed 01.02.20 term of office expires 31.01.23	2 / 2	2 / 2	1 / 1	0 / 2			
Dr Ian Gell	Appointed 01.07.19 term of office expires 30.06.22	12 / 14	7 / 9	3 / 3	7 / 9			
Dr Stephen Goode	Term of office extended until 11.02.21	17 / 17	9 / 12	4 / 4			14/14	5/6
Stephen Jarratt	Term of office expires 30.04.21	15 / 17		2 / 4	11 / 12	7 / 7	13/14	
Sir Stephen Moss	Term of office expired 31.01.20	15 / 15	8 / 10	3 / 3	8 / 10			
Justin Shannahan	Appointed 01.06.19 term of office expires 31.05.22	14 / 15		3 / 3			6/7	
Joy Street	Term of office extended until 31.03.23	16 / 17		4 / 4	11 / 12	7 / 7	2/3	1/6 *
<b>Key:</b>								
Nom.Rem – Nominations and Remunerations Committee								
FI&P – Finance Investment and Performance Committee								

## Non-Executive Directors at 31 March 2020

### Dr Kathy McLean, OBE – Chair



Kathy has held Board positions both locally in Derbyshire and nationally. Most recently Kathy was Executive Medical Director and Chief Operating Officer at NHS Improvement, the organisation responsible for providing leadership and support to NHS trusts. Prior to this she was the Clinical Transitions Director working with Sir Bruce Keogh to build the NHS Commissioning Board, now NHS England.

Kathy was Medical Director at the Trust for over six years, where she was also a consultant physician from 1994 until 2009, and then Medical Director at East Midlands Strategic Health Authority.

Her work has focused on improving quality by building clinical leadership and expertise across the system, supporting the most challenged organisations and the development of clinical networks and senates. In 2018 Kathy was awarded an OBE in the Queen's Birthday Honours for her services to leadership across the NHS.

### Stephen Jarratt



Steve is a Fellow Chartered Management Accountant and Chartered Global Management Accountant who has held a number of senior level finance roles in private and public sector organisations over the last twenty years. Steve commenced his career in manufacturing, then spent several years in the rail sector initially within British Rail then as a Finance Director of a train operating franchise within the National Express Group. In 2003 he joined the Department of Work & Pensions firstly working within their corporate change programme before taking a senior finance role in JobCentre Plus.

Latterly Steve had been the Deputy Chief Executive of the Independent Living Fund where he also held the position of Finance & Resources Director responsible for all aspects of financial management and control, a position he retired from on 30 September 2015.

Steve was appointed as Non-Executive Director for Derby Teaching Hospitals NHS Foundation Trust on 1 May 2015 for a three year term and has been re-appointed, with his current term ending on 30 April 2021, continuing as a member of the merged University Hospitals of Derby and Burton NHS Foundation Trust Board. Stephen is Chair of the Audit Committee and D-Hive Ltd the wholly owned Commercial subsidiary, and serves on the Nominations and Remuneration, Finance, Investment and Performance and the People Committees.

### Graham Bragg



Graham retired as Interim Chief Executive of the Royal Orthopaedic Hospital NHS Foundation Trust, in December 2013. He had spent over twenty years there, with roles including the Finance Director and Director of Strategic and Business Development.

Overall he has worked in the NHS for over 40 years. He is an Associate Member of the Chartered Institute of Management Accountants and a Chartered Global Management Accountant. Graham has also been involved with various representative bodies, including; Chair of the Trust Directors of Finance Network (Southern), Chair of

the Audit and Corporate Governance Committee (West Midlands HFMA) and also a member of the West Midlands Healthcare Procurement Consortium. He was appointed for a three year term on 1 May 2014 and has been re-appointed with his current term ending on 30 April 2020 continuing as a member of the merged University Hospitals of Derby and Burton NHS Foundation Trust Board. Graham is Chair of the Trust's Finance, Investment and Performance Committee also serving on the STRIDE Board and Charitable Funds and Nominations and Remuneration Committees.

### **Dr Stephen Goode CBE – Vice Chair**



Stephen worked in the Criminal and Community Justice System from 1975, retiring from the Ministry of Justice as a Senior Civil Servant in 2013. He undertook international, national and regional roles in his career. He was Chief Probation Officer for Derbyshire between 1997 and 2004, and was awarded a CBE for Services to Probation in 2002.

In addition he was a member of the Parole Board from 2000 to 2006 and a Non- Executive Director for the Strategic Health Authority in the Midlands and East between 2006 and 2012.

Stephen is Deputy Chair, Chair of the Finance, Investment and Performance Committee, and Chaired the Risk Committee until June 2017. He is also a member of the Nominations and Remuneration Committee, Audit Committee, Quality Committee, and Charitable Funds Committee.

### **Joy Street – Senior Independent Director**



Joy has had a varied career spanning the public and private sector including being CEO of a Training and Enterprise Council, Chamber of Commerce and Business Link; Chairing a Mental Health Trust for eight years; running her own regeneration consultancy company, owning a restaurant, working at Board level in the NHS at a specialist hospital and serving as a Non-Executive Director on a range of companies including a major housing association.

UHDB is now her major role and this year she has assumed additional responsibilities on behalf of the Trust Board and has served on the People Committee, the Finance, Investment and Performance Committee, Nominations and Remuneration Committee, and was Chair of the Charitable Funds Committee for part of the year.

Joy remains actively engaged in community- based activities, e.g. charities and has held several trustee and Chair positions in the voluntary sector and on University boards. Joy provides support to young people transitioning from the care system and advises several local charities.

### **Christine Fearn**



Chris joined the Trust Board in February 2020. She has worked in the NHS for over 30 years, qualifying as a Registered Nurse in 1983, specialising in Accident and Emergency Care and holding senior clinical roles in Liverpool and Stoke.

She has held a number of NHS executive director roles including Managing Director of a Community Services Provider; Deputy Chief Executive and Executive Nurse of a Primary Care Trust in North Staffordshire and Director of Commissioning of a Primary Care Trust in

South Birmingham, where she also held a joint post with Birmingham City Council.

In recent years she has led work on organisational strategy and held senior roles in strategic development, leading a number of major service transformation programmes within hospitals and across health economies, including acute service reconfiguration, transformation of acute, community and social care provision aligned with PFI development; and development of clinical shared services models of care across Trusts.

As well as her current role at UHDB, Chris also works as a Non-Executive Director at Dudley & Walsall Mental Health Partnership NHS Trust. She lives in Staffordshire and is actively engaged in community-based activities and advises local charities. Chris holds a BSc (Hons) in Nursing and is registered with the NMC.

### **Justin Shannahan**



Justin joined the Trust Board in June 2019. He has a broad finance, purchasing and commercial background and worked for over 20 years in a number of roles at Rolls-Royce, most recently as the Director of Finance of the Civil Aerospace division.

As well as his current role at UHDB, Justin also works as a Non-Executive Director at Rotherham, Doncaster and South Humber NHS Foundation Trust and on a part-time basis as Head of Finance Strategy at Derbyshire County Cricket Club.

Justin holds a BA (Hons) in Accounting and Financial Management and is a member of the Institute of Chartered Accountants in England and Wales.

### **Professor Victoria Chapman**



Professor Chapman has been a member of academic staff at University of Nottingham since 1998 and Deputy Director of the Versus Arthritis Pain Centre (formerly Arthritis Research UK Pain Centre) since 2010. Professor Chapman leads an internationally recognised research team focused on the mechanisms of chronic pain and the identification of novel targets for treatments and is published over 125 original articles, successfully supervised over 25 PhD students and held grants from Versus Arthritis, MRC, Industry, Wellcome Trust and FP7.

Professor Chapman has held senior leadership positions at University of Nottingham, including Deputy Head of School and Interim Head of School (Life Sciences, Faculty of Medicine and Health Sciences). She has previously chaired the implementation of the strategic review of research in the School of Life Sciences and has been an active member of the Athena SWAN committee in the School.

Since 2015 she has been one of five University Research Theme leads reporting directly to Pro-Vice Chancellor for Research. In this role Professor Chapman represented Health and Wellbeing across the University and she has contributed to the development and implementation of the University Research Strategy, including the selection of Research Priority Areas. This over-arching Research Strategy was developed to provide individuals and teams with opportunities to expand their research horizons and capabilities and to provide the University with the infrastructure and capability to further develop research strength and reputation.

## Dr Ian Gell



Ian qualified in Medicine from Leeds University in 1977 and then trained as an anaesthetist in hospitals in Yorkshire, the South West and in Sweden before returning to Yorkshire as a Senior Registrar. He was appointed as a Consultant Anaesthetist at Chesterfield Royal Hospital in 1987 where he worked for 27 years. In addition to his clinical role Ian developed a major interest in medical management and assumed the role of clinical director at Chesterfield from the mid 1990's where he managed a number of different directorates.

Ian was appointed as Executive Medical Director at Chesterfield in 2009. In 2011 he became the trust's first Responsible Officer and led the introduction of medical appraisal for doctors in the trust and local revalidation processes.

As well as his local role Ian was also a member of Monitor's Medical Advisory Group and became the Secondary Care Clinician on the Governing Body of Southern Derbyshire's Clinical Commissioning Group.

In 2014 Ian retired but has continued to work in several areas of the health service at regional and national level undertaking work with NHS Employers and as an independent advisor. He continues as Regional Appraisal Lead for NHS England/Improvement Midlands.

## Executive Directors as at 31 March 2020

### Gavin Boyle, Chief Executive



Gavin joined the NHS just over 30 years ago as a General Management Trainee in Liverpool. This followed University and a degree in Biological Sciences, then a short period of private industry. He holds a Master's Degree in Business Administration and completed the Programme for Leadership Development at Harvard Business School. He spent the first part of his NHS life in and around Liverpool in both community care organisations and hospitals, then onto Exeter and then Winchester where he was responsible for a broad range of hospital and community services.

More recently he has held Board level posts as Director of Operations at the Oxford Radcliffe Trust, the Queen's Medical Centre in Nottingham and at Leeds Teaching Hospitals. Prior to joining Derby Teaching Hospitals in March 2016 as Chief Executive and latterly the University Hospitals of Derby and Burton following our merger, Gavin has held the position of Chief Executive at Chesterfield Royal Hospital NHS Foundation Trust and Yeovil District Hospital NHS Foundation Trust. He is a Non-Executive member of the supervisory board of GS1 the digital standards and barcoding organisation.

### Dr Magnus Harrison, Executive Medical Director and Deputy Chief Executive



Magnus became the Executive Medical Director of the University Hospitals of Derby and Burton on 1st July 2018, the day the Trust was formed. Prior to this Magnus had been the Executive Medical Director at Burton Hospitals NHS Foundation Trust.

Magnus has a background in Medical Leadership and was the Clinical Director for Emergency and Acute Medicine at University Hospitals of North Midlands NHS Foundation Trust (UHNM). During his tenure at UHNM Magnus was one of the first cohort to take part

in the NHS Leadership Academy's Executive Fast Track Programme, undertaking specialist training and study at Harvard University's Kennedy School. As part of this programme Magnus reviewed healthcare systems in India and spent some time working for EE gaining corporate, private sector experience.

More latterly Magnus jointly led the team that described and defined the patient's benefits that would be delivered as a result of the creation of UHDB. Magnus presented the patient benefits case to regulatory bodies, such as the Competition Markets Authority and NHS Improvement, successfully gaining their approvals.

Magnus is UHDB's Responsible Officer, overseeing all medical revalidation, and the Trust's Caldicott Guardian. Magnus is focused, with Cathy Winfield, Executive Chief Nurse, on delivering the highest quality and safest care for all UHDB's patients.

### **Sharon Martin, Executive Chief Operating Officer**



Sharon was the Chief Operating Officer at Derby Teaching Hospitals NHS Foundation Trust from July 2016. Sharon has worked in Derby for 38 years holding key nursing, leadership and management roles within Medicine. In 2009, as Divisional Lead for Medicine, she led the programme to bring Medicine together onto one acute site in Derby, developing specialty take in and 24/7 services .

Sharon has been instrumental in delivering key improvements to workforce and performance against the 4 hour target in Adult Emergency Department. In her previous role as Divisional Director of Integrated Care, Sharon developed the division, particularly focusing on partnership development outside of the acute trust. Recently, following the merger she has focused on bringing the operational teams together to improve the services we give to our patients across Staffordshire and Derbyshire.

Sharon is a passionate leader; patient focused and has a track record of positive staff engagement and achievement.

### **Krishna Kallianpur, Interim Executive Chief Nurse**



Krishna has worked for all former Derby and Burton Hospitals over a span of 30 year culminating in her current role as the Interim Chief Nurse and Director of Patient Experience in January 2020.

Krishna qualified as a Registered General Nurse at Hull School of Nursing and Midwifery and took up her first post within critical care as well as gaining valuable ward experience in medicine.

Krishna relocated to the East Midlands to undertake the ICU course and worked in the Critical Care units across both Derby Hospitals before being appointed to a Matron post at Burton Hospitals in 2000. During her clinical career Krishna has provided leadership support, in addition to critical care, to a number of specialities including hospital out of hours, ED, outpatients, Lead Nurse for cancer, surgery and trauma and orthopaedics.

Krishna then consolidated her management and leadership experience by being a service manager for Trauma and Orthopaedics, a Divisional Director for Diagnostics and Critical Care and a Divisional Nurse Director for Surgery.

Krishna became Director of Nursing for Professional Standards across the newly merged University Hospitals of Derby and Burton in 2018.

**Kevin Downs, Executive Director of Finance & Performance – FCCA/FIOD/MBIM/MBA**



Kevin was appointed as the Director of Finance and Performance at Derby Teaching Hospitals NHS Foundation Trust from 2015 and spent the previous three years at the Trust as Deputy Director of Finance responsible for Financial Accounting, Procurement, Theatre Transformation Group and Cost Improvement Programmes. Previously to this he worked at other NHS Acute providers including Leicester, Milton Keynes, Northamptonshire Healthcare and Hull mainly in operational roles. He was also a Non-Executive Director at Burton Hospital. Prior to joining the NHS the majority of Kevin's career was spent in the commercial sector at Finance Director Level. He worked for Venture Capitalists (NatWest Bank/ Bridgepoint) and large multinationals both in the

UK and across Europe.

These included VF Corp (Wrangler Jeans), Warnaco (Vanity Fair) and Mattel Toys. Prior to that he worked as a PLC Director at MV Sports and for BASS the brewer in multiple roles including mergers and acquisitions. He is a Fellow of the Chartered Association of Certified Accountants, a Fellow of the Institute of Directors, a member of the Chartered Management Institute and has an MBA from Nottingham Trent University. He is also a member of the Global Healthcare Leadership Team at GS1 developing scanning solutions and technology to improve patient care around the World.

**Duncan Bedford, Executive Managing Director – Burton**



Duncan was the Chief Operating Officer at Burton Hospitals NHS Foundation Trust from May 2016 and has over 25 years' NHS experience at Derby Teaching Hospitals NHS Foundation Trust. Prior to that Duncan had worked for local authorities working in both county and district councils.

Duncan has worked in a number of senior management positions, including general management roles in a range of specialties as well as Divisional Director for Medicine and Surgery.

**Peter Moore, Executive Director for Strategy and Integration**



Peter has been the Executive Director of Strategy and Integration of University Hospitals of Derby and Burton NHS Foundation Trust since July 2018. Peter's role is in two parts.

Firstly to lead the delivery of the Trust's merger benefits, and secondly to develop an ambitious Strategy for a sustainable future for UHDB.



Joining from the automotive industry in 2009, Peter was a Director at Southern Derbyshire CCG, and whilst on secondment to Sheffield CCG and Sheffield City Council in 2016 he led the pioneering Sheffield Place Based Plan which was a leader in developing Integrated Care Systems.

### **Amanda Rawlings, Executive Director of People and Organisational Development**



Amanda joined UHDB in March 2020 having been the shared Director of People and Organisational Effectiveness for Derbyshire Community Health Services Foundation Trust (DCHS) and Derbyshire Healthcare Foundation Trust (DHCT) since September 2016. In addition, between 2014 and 2016 Amanda was the shared Director of People and Organisational Effectiveness for DCHS and Chesterfield Royal Foundation Trust. Amanda joined the NHS in April 2007, having previously spent her career in private sector; mainly for Caterpillar – Perkins Engines Co Limited, British Sugar PLC and EMAP.

### **Changes to Board Membership during 2019-2020**

There have been a number of changes to the Trust Board during this period, which are detailed below:

#### **Leavers**

- Mr John Rivers, Trust Chair left the Trust on 30 June 2019
- Paul Doona, Non-Executive Director left the Trust on 30 May 2019
- Dr John Davies, Non-Executive Director left the Trust on 30 June 2019
- Professor Avril Drummond, Non-Executive Director left the Trust on 31 December 2019
- Dr Neil Pease, Director of Workforce and OD left the Trust on 31 December 2019
- Sir Stephen Moss, Non-Executive Director left the Board on 31 January 2020

#### **Joiners**

- Dr Kathy McLean, Trust Chair joined the Trust on 1 August 2019
- Justin Shanahan, Non-Executive Director joined the Trust on 1 June 2019
- Dr Ian Gell, Non-Executive Director joined the Trust on 1 July 2019
- Christine Fearn, Non-Executive Director joined the Trust on 1 February 2020
- Victoria Chapman, Non-Executive Director joined the Trust on 1 February 2020
- Amanda Rawlings, Executive Director of People and Organisational Development joined the Trust on 3 March 2020

Cathy Winfield went on maternity leave in December 2019 and Krishna Kallianpur stepped up to the role of Interim Chief Nurse.

### **Appointment & Removal of the Trust's Chair & Non-Executive Directors**

Under the Trust Constitution, the Council of Governors has the power to appoint and remove the Chair and the Non-Executive Directors of the Trust. Removal of the Chair or a Non-Executive Director requires the approval of three-quarters of the Council of Governors voting in person or by proxy at a meeting of the Council of Governors.

The process governing the appointment of the Trust Chair and Non-Executive Directors is covered by the Trust's Constitution, the main details of which are set out later in this report.

During the year the Committee were responsible for the appointment of the new Chair and four new Non-Executive Directors.

### **Significant commitments of the Trust Chair and Non-Executive Directors**

- Dr Kathy McLean has another significant role as a Non-Executive Director of Barts Health NHS Trust.
- Mr Justin Shannahan is a Non-Executive Director at Rotherham, Doncaster and South Humber NHS Foundation Trust

There are no significant commitments to disclose relating to the Executive Directors.

### **Trust Board Performance Appraisal**

A detailed self-assessment process of the governance of the organisation was completed with assistance from the Internal Auditors who provided a report. A detailed implementation plan has been developed which has been linked into the Board Capability Review conducted by Deloitte as part of the Burton collaboration work.

With the changes in the membership of the Board a skills audit has been completed and this has been reviewed in line with the strategic objectives of the Trust. A Trust Board Capability review is being planned to linked with the previous reviews and the feedback that was received for the CQC as part of their Well Led Audit.

### **Board Committees**

The Trust Board has the following committees:

- Quality Committee
- Nominations and Remuneration Committee
- People Committee
- Finance, Investment and Performance Committee
- Audit Committee

The Trust Board acts as the Corporate Trustee for Derby and Burton Hospital's Charity, which has one committee:

- Charitable Funds Committee

The Trust Board acts as shareholder for D-Hive Ltd, which is a wholly owned subsidiary. This has its own board as do its operating subsidiaries

- Clinicians Connected
- Pride Pharmacy
- Derby Health Staffing

During the year the share of STRIDE that had been commercially owned was purchased by D-Hive Ltd and discussions are now underway regarding how to further develop the use of this entity particularly in relation to the work on the Outwoods project.

Terms of Reference for the Trust Board Committees are reviewed by the Trust Board at least annually and each Committee conducts an annual Self Effectiveness review. The Board continues to hold Strategy Time Out sessions where it discusses aspects of Trust strategy and provides the opportunity for all Board members to discuss other issues which have a strategic impact on the Trust as a whole. The details of each of the Board's committees are set out below.

### **Quality Committee**

The purpose of the Quality Committee is to review the quality of standards of those services provided by the Trust. The Committee does this by monitoring outcomes and risks related to quality and safety. It considers feedback from patients and independent reports, and ensures that action is taken through individual strategies and plans in response to adverse feedback. In addition, the Committee oversees the development and implementation of the Trust's Quality Strategy.

Membership of the Quality Committee has changed during the year due to the updating of the governance structure and the appointment of new Non-Executive Directors. The Committee attendance has been included in the attendance chart which is part of the Accountability Reports.

The Chair of the Quality Committee is Dr Ian Gell.

### **Nominations and Remuneration Committee**

This Committee's primary responsibilities are to approve the appointment of the Executive Directors to the Trust Board and to review and agree the terms and conditions of those Executive Directors. The Committee also conducts the Fit and Proper Person's Requirement Investigation Process for Executive Directors. All Non-Executive Directors are members of the Committee and it is chaired by Dr Kathy McLean, Trust Chair.

Membership of the Nominations and Remuneration Committee has changed during the year due to the updating of the governance structure and the appointment of new Non-Executive Directors. The Committee attendance has been included in the attendance chart which is part of the Accountability Reports.

### **People Committee**

The purpose of the Committee is to oversee the development and delivery of the workforce and organisational development strategies and plans providing support and assurance to the Trust Board that key workforce and performance issues are properly scrutinised and managed, ensuring that robust measures exist to monitor and review the workforce and organisational development activity.

Membership of the People Committee has changed during the year due to the updating of the governance structure and the appointment of new Non-Executive Directors. The Committee attendance has been included in the attendance chart which is part of the Accountability Reports.

The Chair of the People Committee is Mrs Joy Street.

### **Finance, Investment and Performance Committee**

The purpose of the Committee is to provide support and assurance to the Trust Board that key financial issues are properly scrutinised and that robust measures exist to review financial performance and to give oversight to the development of appropriate financial strategy.

Membership of the Finance, Investment and Performance Committee has changed during the year due to the updating of the governance structure and the appointment of new Non-Executive Directors. The Committee attendance has been included in the attendance chart which is part of the Accountability Reports.

The Chair of the Committee as at 31 March 2020 is Mr Graham Bragg but Mr Stephen Jarratt will take on this role from 1 April 2020.

## Audit Committee

The purpose of the Audit Committee is to provide the Trust Board with a means of independent and objective review of internal control with an emphasis on:

- a) Financial systems;
- b) The financial information used by the Trust;
- c) The assurance framework and risk management systems and compliance with law; and
- d) Guidance and codes of conduct.

Membership of the Audit Committee is listed below. This highlights the changes in membership that have occurred due to the updating of the governance structure and the appointment of new Non-Executive Directors. The committee attendance has been included in the attendance chart which is part of the Accountability Report.

The Chair of this Committee up to 31 March 2020 is Mr Stephen Jarratt with Mr Justin Shanahan taking on this role from 1 April 2020.

Significant Issues considered included:

Matter Considered	Action
Regular review of the BAF and risk management processes to ensure assurance of the risk assessments undertaken by the various Committees responsible.	The Committee receives a full report on the BAF to all of its meetings where it reviews the actions taken to strengthen the overall oversight of the risk management process and its links to the Trusts strategic direction. It reviews the work of the Risk and Compliance Group and its role of monitoring risk management across the organisation.
Internal Audit annual work programme and reports reviewing recommendations over a wide variety of activities.	The Committee has received a total of 24 audit reports over a wide range of subjects. The audit plan outlined specific work which was completed in the year with 360 Assurance work in respect of the 2019/20 internal audit plan whilst KPMG were completing 2018/19 plan work. Limited assurance reports were individually reviewed by the committee and a regular update on outstanding actions was received. During the year additional resource was used to clear up the outstanding KPMG actions. The Head of Internal Audit opinion is detailed in the Annual Governance Statement.
Counter Fraud – Fraud, Bribery and Corruption Plan and changes to NHS Protect.	The Counter Fraud Work Plan is progressively reviewed and assessed throughout the year in order to ensure the counter fraud risk assessment reflects all current risks affecting the Trust. The NHS Counter Fraud Authority has continued to set Standards, in 4 strategic areas, which the trust is expected to be able to evidence compliance with through the Self Review Tool. The outcome will be reported to Audit Committee for assurance of the Trusts continued commitment to the NHS Counter Fraud Strategy.

During 2019-2020 the above issues were considered by the Committee as significant in relation to the financial statements, operations and compliance.

In line with the recommendations within NHS Improvement's published Audit Code; all Foundation Trusts are required to present an annual report on the activities undertaken during the year, drawing particular attention to the nature of the reports received from both Internal and External Auditors.

The Trust has an internal audit function, provided by 360 Assurance, supporting the Trust in identifying key business risks and gaining assurance that they are being managed effectively, through its Team Manager and associated specialists. Meetings of the Audit Committee are attended by the Executive Director of Finance and Performance, representatives from the Trust's Finance Department, the Trust's External and Internal Auditors, Trust Secretary, and Executive Chief Nurse.

Internal and External auditors provide progress reports to each Audit Committee meeting highlighting key issues such as progress on the internal audit plan and for the external auditors items such as value for money, going concern and availability of capital.

### **Charitable Funds Committee**

The Committee holds delegated responsibilities from the Corporate Trustee which include; ensuring the effective use of Charitable Funds including merging, closing and opening of funds, review of the effectiveness of Fund Managers, producing and keeping under review a Charitable Funds Strategy and Fundraising Strategy, reviewing the governance arrangements for the Charity, and ensuring the financial stability of the Charity. The Committee provides a resource to support the Fund Managers in the proper discharge of their responsibilities and promote the benefits of charitable funds to the Trust and general public. The Committee attendance has been included in the attendance chart which is part of the Accountability Report.

The Chair of the Charitable Funds committee is Mr Stephen Goode.

### **D-Hive Ltd**

Building upon its investment into D-Hive Limited, the Trust continues to support commercial activity performed by its subsidiary and benefits from its success. Additional projects have been undertaken within the year, and the total benefit to the group from its subsidiary network is estimated to be around £2.6m. D-Hive Limited wholly owns three further subsidiaries; Clinicians Connected, Pride Pharmacy and Derby Health Staffing.

Clinicians Connected continues to provide a valuable service to the Trust in reducing its cost of recruitment. Focus has shifted from an externally sales focussed approach to ensuring a good supply of quality candidates for UHDB. This has reduced the overhead and increased the group overall benefit.

Pride Pharmacy began trading during the year, starting with a small home delivery service before taking on the outpatient pharmacy when Boots vacated. To date, this transition has gone broadly as expected.

Derby Health Staffing also grew with the introduction of services across all sites, further leveraging the savings and benefits of the service.

Group revenue increased to c£30m, and the group will post a profit of around £700k. Revenue and profit is expected to further increase with the delivery of a number of large scale projects during 2020/2021.

The Directors of D-Hive Ltd remain as Kevin Downs and Steve Jarratt, reporting quarterly to the Finance, Investment & Performance Committee. Scott Jarvis retired on 31 May 2020. The Directors of Clinicians Connected are Kevin Downs and Darren Riley; Dr Neil Pease resigned during the year. Pride Pharmacy Directors appointed during the year are Clive Newman, Mike Goodwin and Lela Parojcic; Mo Hussain resigned during the year. Derby Health Staffing appointed directors during the year are Kendre Chiles and Kevin Downs and these remain.

## **STRIDE**

STRIDE is a joint venture entered into by Burton Hospitals Foundation Trust prior to the merger to create UHDB. UHDB owns a 50% share of STRIDE. STRIDE has a remit to identify and develop estates based opportunities within the Queen's Hospital Burton site. The other 50% share which was owned by a commercial partner has been purchased by D-Hive Ltd, but this was a post balance sheet event as despite the Trust signing on 31 March 2020, the documents were not actually signed by the other party until 2 April 2020.

## **The Trust's Auditors**

During 2019/2020 the decision was made to go out to tender for the External Auditors for UHDB. After a full tender exercise Mazars were selected as the new auditors for the Trust.

## **Appointment Process for the Trust's External Auditor**

The appointment of the Trust's External Auditors is a matter that requires the approval of the Council of Governors. The Council of Governors appointed Mazars as the Trust's external auditors for an initial period of three years from 1<sup>st</sup> December 2019 to 30<sup>th</sup> November 2022, with an option to extend for a further 2 years, subject to satisfactory performance.

The External Audit fee for 2019-2020 is £84k, further detail is available in Note 9 to the accounts.

The Trust approved the principal terms of engagement with Mazars covering the period of their engagement as auditor. The terms include no limitation on their liability to pay damages for losses arising as a direct result of breach of contract or negligence.

## **Relationship between the External Auditors and the Council of Governors**

Each year the External Auditors are required to present their Audit Letter for the year ending 31 March to the Trust Board and subsequently the Council of Governors, at which time the Governors, whether collectively or individually have the opportunity to ask the Auditors questions relating to their investigations and points of clarification.

A member of the Council of Governors now attends the Audit Committee as an observer but is invited to be involved in discussions.

## **Other Disclosures**

The Trust has complied with the HM Treasury cost allocation and charging guidance as disclosed in the accounting policies. There have been no political donations during 2019-2020. The Better Payment Practice Code (BPPC) requires the payment of undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later. The Trust did not achieve 95% BPPC compliance within 30 days in 2019/20. There has been no interest paid under Late Payment of Commercial Debts (Interest) Act 1998 during the year.

## **Enhanced Quality Governance Reporting**

The Trust is guided by NHS Improvement's Quality Governance Framework and the Single Oversight Framework in arriving at its overall evaluation of its performance, internal control and

Board Assurance Framework. Quality Governance and quality are covered in more detail in the, Quality Report and the Annual Governance Statement. The Trust has robust processes in place to ensure that:

- The Trust Board accurately understands the quality of the care the Trust provides
- The Trust Board is able to assess and mitigate risks to quality
- Quality is seen as a responsibility of the entire Trust Board
- The Trust is committed to continuous quality improvement, and has put in place the tools to address poor performance.

### Our new Vision, Values and Objectives

As a new Trust, we wanted to involve all of our people in a conversation about what sort of organisation did we want to become, where we are now, and where we want to go in the future. We wanted every person in the organisation to share their thoughts. This conversation was launched in autumn 2018, and has been continued with a series of follow up meetings building on the initial success.

These events were attended by a cross-section of our staff and were then built on through our online engagement platform which enabled all our people to share and comment on the emerging ideas. Our strategy has therefore not been developed by one or two individuals; it has been developed by all our people, for the population we serve. Through this process our staff articulated a statement of our purpose, values and behaviours, and the major things we want to do.



### Likely Future Developments & System Transformation

UHDB is part of two Integrated Care Systems; Derbyshire and Staffordshire.

The Derbyshire Integrated Care System vision is to deliver the most effective and efficient health and social care system for the citizens of Derbyshire delivered through a place-based care system which is effectively joined up with specialist services and managed as a whole' (Derbyshire Sustainability Transformation Programme Plan, October 2016). Fundamentally, for the people of Derbyshire we want to keep people:

- Safe & healthy – free from crisis and exacerbation
- At home – out of social and healthcare beds
- Independent – managing with minimum support

This will be founded on building strong, vibrant communities whereby we will begin to address lifestyle issues related to poor health and will improve access to urgent and routine care with reduced need for bedded care.

Together We're Better – the Staffordshire Sustainability Transformation Programme vision supports the improvement in health outcomes across Staffs and Stoke-on-Trent by seeking to reduce health inequalities, deliver better outcomes for citizens and reduce the impact of the wider determinants of health through four key areas:

- Prevention
- Service Transformation (Enhanced Primary & Community Care, Urgent and Emergency Care, Planned Care, Mental Health, Children & Young People and Maternity, Specialised Commissioning, Cancer)
- Productivity (System-wide productivity and efficiencies, Whole system cost reduction portfolio)
- Enablers (Digital, Estates, Workforce, OD & leadership, Governance, New Commissioning and delivery models)

Our Trust plans support the delivery of the agreed Integrated Care System (ICS) priority transformation programmes for 2019/2020, which focus on end to end clinical pathway transformation to improve care for the people of Derbyshire and Staffordshire and support the financial recovery of the system.

The priority programmes build upon what people have told us about the changes they want to see, and opportunities identified through Right-care, Getting It Right First Time (GIRFT) and Model Hospital data analysis. The work to date supports our system journey towards becoming an Integrated Care System, as well as the Sustainability Transformation Programme refresh which will be undertaken in quarters one and two of 2019/2020.

## **Strategic Alliances and Relationships with Local Commissioners / Stakeholder Relations**

One of the key motivations of the Trust is to ensure that through working together, we improve the health and wellbeing for the population we serve; especially when considering improving the health of those patients with the most complex needs. We recognise that patients will at times have to travel further to the most specialist centres to realise the best outcomes but we also acknowledge that there are instances where such services can be provided more locally.

A key intention of the UHDB therefore, is to provide specialist care, locally, but also to work with regional partners to improve pathways and ensure links to tertiary (specialised) centres to enhance the patient experience. We will achieve this through:

- A consistent provision across the Derby and Burton population.
- Working with other acute hospitals to ensure our existing services deliver the highest quality and are sustainable.
- Extending the range of specialist services we provide ensuring that our population has better access to specialise care closer to home.



Our part in an Integrated Care System includes how we will strengthen our relationship with primary care (including the emerging primary care networks) to manage patients proactively, supporting case management for patients with long term conditions and enabling the broader health improvement agenda. Our role will also be to support and configure our inpatient and community hospital resources to deliver the change in the models of care where we see an increase in patients being treated closer to home (including diagnostics and elective care), with a reduction in unplanned admissions to hospital.

### **Our University Hospital Status**

Developing ourselves as a true learning and research organisation is fundamental to our approach at UHDB and this is a clear commitment in being a University Hospital. To do this we will develop our teaching and research capability. We will share our learning as effectively as we can to attract the most innovative new staff and being part of the most exciting research is central to the development of our University Hospital status. To do this we will develop a world class research centre which:

- Ensures the very best clinical trials unit maximising learning from as many of our interactions with patients as possible.
- Extends into new areas of research; organisational behaviour, preventative medicine, social sciences
- Develops a reputation of academic rigour as demonstrated in our publications
  - Best practice in managing cohorts of our population
  - Leading research into surgical procedures
  - Establishing the optimum standardised work around key surgical interventions including pre and post op care
  - Supporting as many of our population with home or placed based care as we can
- Shares our learning with our partners through our Integrated Care System

We will also expand our teaching and training capability through working in partnership with supporting Universities and Technical colleges and other health and social care providers. This will:

- Design new teaching models to help our staff deliver new models of care including community.
- Innovate in teaching of junior doctors to share our learning through our improvement practice.
- Create exciting nursing opportunities
- Embed our local, national and international recruitment channels for the health systems in which we operate.

### **Statement as to disclosure to Auditors**

It is confirmed that, for each individual who is a Board Director at the time that the report is approved; so far as the Director is aware, there is no relevant audit information of which the NHS Foundation Trust's auditor is unaware and, the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the NHS Foundation Trust's auditor is aware of that information.

### **Income Disclosures**

The Trust has met the requirement under Section 43 (2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) that the income from the provision of goods and services for the purposes of the health service in England must be greater than its income from the provision of goods and services for any other purpose. Other income generated by the Trust was used to support the provision of our health services.

## Remuneration Report

The Trust has two Committees that deal with remuneration:

- The Nominations and Remuneration Committee – A Trust Board Committee, comprised of all of the Trust’s Non-Executive Directors. This Committee’s primary responsibilities are to approve the appointment of the Executive Directors to the Trust Board and to review and agree the terms and conditions of those Executive Directors.
- The Appointments and Remuneration Committee this is a Sub-Committee of the Council of Governors. The purpose of this Committee is to consider the appointment of, and the fees payable to, the Trust Chair and the Non-Executive Directors of the Trust Board. In addition the Committee is responsible for setting the objectives for the Trust Chair, taking into consideration the views of the Board, particularly the Chief Executive and the Non-Executives through the Senior Independent Director. It also receives an overview of the process of Non-Executive appraisal by the Chair.

## Statement from the Chair

**Statement of Policy** - Executive Director terms and conditions are decided by the Nominations and Remuneration Committee taking account of benchmarking reports on NHS executive salaries and conditions and the financial circumstances relating to the Trust. Performance is assessed against agreed Trust, team and individual objectives.

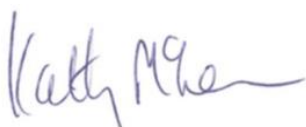
All non-medical employees of the Trust, including senior managers, are remunerated in accordance with the nationally agreed NHS terms and conditions of employment. Medical Staff are remunerated in accordance with the national terms and conditions of service for doctors and dentists.

**Methods of Assessment** - The method of assessment of Executive Directors’ performance is by individual appraisal together with a report by the Chief Executive to the Nominations and Remuneration Committee.

**Remuneration** - Remuneration of Executive Directors is subject to a combination of issues, specifically the performance of the Trust and the individuals themselves. In 2019-2020 Executive Directors received a 1.1% consolidated award, taking into account context and collective awards for other staff groups. The salaries of the Executive Directors are annually reviewed against national survey data.

The remuneration of the Executive Medical Director is split as detailed above between his direct medical service and his Executive Director role. Treasury guidelines were followed in relation to setting the salary for the Chief Executive for which ministerial approval was obtained on appointment.

The remuneration arrangements for both Executive and Non-Executive Directors, including the Chair, are disclosed in this report.



**Dr Kathy McLean OBE**  
**Chair**  
30 July 2020



**Gavin Boyle**  
**Chief Executive**  
30 July 2020

## Remuneration

### Service Contracts for Executive Directors, Senior Managers and Non-Executive Directors

The service contract for the Chief Executive and Executive Directors is the contract of employment. This is substantive and continues unless terminated by notice. The notice period for termination by the Trust is six months and for termination by the director is also 6 months. The contract does not provide for any other payment for loss of office, but does provide for compensation for early retirement and redundancy in accordance with the provisions in section 16 of the Agenda for Change: NHS Terms and Conditions of Service Handbook.

	<i>Female</i>	<i>Male</i>	<i>Grand Total</i>
<i>Chair</i>	1	-	1
<i>Executive Directors</i>	4*	5	9
<i>Non-Executive Directors</i>	4	5	9
<i>Senior Manager**</i>	11	17	27
<i>All Other Staff</i>	10,693	2,444	13,138
<b><i>Grand Total</i></b>	<b>10,713</b>	<b>2,471</b>	<b>13,184</b>

\* One post holder is acting up to cover maternity leave

\*\* Senior Manager is defined as - those who report directly into the Executive Directors and those who have responsibility for budgets staff, assets or significant areas of work.

The service contract for Non-Executive Directors is not an employment contract. Non-Executive Directors are appointed for an initial term of up to three years and are eligible to be considered for further terms of appointment up to the shorter of a maximum of three terms or nine years.

### Future Policy Table; Executive Directors

The Remuneration Strategy which underpins the Senior Management Remuneration Policy is subject to detailed discussion and consideration. This will include identifying the impact of each component on strategic objectives including performance management through regular appraisals.

### Component

Our Remuneration Strategy comprises three elements:

- A pay point that is benchmarked against similar roles in similar sized NHS organisations
- Cost of living pay rises that are in line with other groups of staff in the NHS and
- In respect of Agenda for Change staff, in line with national agreements, the assumption is one of progression unless an individual is subject to performance measures.

The other elements of this component are set out in the table below:

How this operates	How this supports the short and long term strategic objectives of the Trust	Maximum that can be paid	Framework used to assess performance and performance measures that apply	Provisions for recovery or withholding of payments
This is set out within the Remuneration Strategy, agreed with the Trust's Nominations and Remuneration Committee on 7 July 2015.	The strategy is against a key set of principles outlined below: <ul style="list-style-type: none"> <li>• Achievement of team objectives</li> <li>• Achievement of individual objectives</li> <li>• objectives are based on key items identified at the outset of each year from the "Plan on a Page" as determined by the Annual Plan</li> </ul>	5% of overall Executive Directors earnings (non-recurrent and non-pensionable)	Appraisal and overall organisational performance	Provision is made for termination of the contract without notice in certain circumstances.

## Non-Executive Directors Component

Fixed annual non-pensionable fee, with a higher rate payable for the Chair of the Trust, Vice Chair, the Senior Independent Director /Chair of the Quality Committee, Chair of the People and Culture Committee, Chair of the Finance, Investment and Performance Committee and Chair of the Audit Committee.

## Additional Fees or Other Remuneration

There are no additional fees or other remuneration

## The Council of Governors' Appointments and Remuneration Committee

The purpose of this Committee of the Council of Governors is to consider the appointment of and the salaries payable to the Trust Chair and the Non-Executive Directors of the Trust Board. In addition the Committee is responsible for setting the objectives for the Trust Chair, taking into consideration the views of the Board, particularly the Chief Executive and the Non-Executives through the Senior Independent Director.

During the course of the year the Committee was involved with the re-appointment of Non-Executive Directors, and the Trust Chair, reviewing Non-Executive Directors' salaries based on adjustments of responsibility and receiving an update from the Chair on Non-Executive Director appraisals.

## Statement of Policy

Non-Executive Director remuneration levels are approved by the Council of Governors on recommendation of the Committee. During the year the Committee reviewed the salaries of the Non-Executive Directors and Chair to ensure that they met the guidelines outlined in NHS England and NHS Improvement on the remuneration for the Non-Executive Directors and Chairs of NHS Trusts including Foundation Trusts.

## Methods of Assessment

The Committee sets and reviews the objectives for the Trust Chair, taking into consideration the views of the Board, particularly the Chief Executive and the Non-Executives through the Senior Independent Director. The Committee also receives an update from the Chair on Non-Executive

Director appraisals. Both issues are then reported to the Council of Governors. The Council of Governors approves the Chair's annual objectives.

### Use of External Advisors

The Trust's two remuneration committees have not used external advisors to provide advice or services on remuneration matters.

### Pension Arrangements

Details relating to Executive Director's pension rights are set out in the Remuneration section.

### Reporting high paid off-payroll arrangements; Policy Statement

The Trust's policy is to avoid the use of off-payroll arrangements for engaging highly paid staff. The only event in which they are used, is where there is a compelling need to import expertise that the Trust does not currently have and where for whatever reasons it is not feasible to engage someone as a direct employee. Any off-payroll engagements were subject to appropriate senior level scrutiny and approval.

For all new off-payroll engagements, or those that reached six months in duration, between 01/04/2019 and 31 /03/2020, for more than £245 per day and that last for longer than six months	Number
New engagements, or those that reached six months in duration	0
Those above which include contractual clauses giving the trust the right to request assurance in relation to income tax and NI obligations	0
Number for whom assurance has been requested	0
Of which:	
Number for whom assurance has been received	0
Number for whom assurance has not been received	0
Those terminated as a result of assurance not being received	0

### Off Payroll Engagements

For all off-payroll engagements as of 31/03/2019, for more than £245 per day and that last for longer than six months	Number
No. of existing engagements as of 31 Mar 2019	0
Of which, the Number which have existed:	
less than one year at the time of reporting	0
between one and two years at the time of reporting	0
between two and three years at the time of reporting	0
between three and four years at the time of reporting	0
four or more years at the time of reporting	0

### Audit of the Remuneration Report

The following tables have been subject to the External Audit in combination with the Annual Accounts process.

### Salary & Pension Entitlements of Directors

There were no mutually agreed resignations or any other remuneration including taxable benefits/ performance related pay bonus for either financial year. From the perspective of the

Annual Report and Accounts, Senior Managers (Directors) has been determined to be the Chief Executive and the Executive Directors who directly report to them.

All information concerning pensions has been provided by the NHS Pension Service Amounts shown in the employers contribution to the stakeholder pension column relate to the Trust's contribution to non NHS pension schemes.

### Pension Restructuring Payment

For any individuals employed by the Trust who are breaching lifetime or annual tax allowances in relation to pension taxation, the Trust has an approach which allows individual to apply for a discretionary Pension Restructuring Payment. This payment is equal to the employer's contribution to the NHS Pension Scheme, paid net of employer's National Insurance contribution and other income tax treatments. This is a financially neutral model for the Trust. The Chief Executive and several Executive Directors applications for a pension restructuring payment was approved by the Trust's Remuneration Committee.

Name	Assignment	Salary (bands of £5000)	Salary (bands of £5000)	Pension related benefits (bands of £2500)	Pension related benefits (bands of £2500)	Total (bands of £5000)	Total (bands of £5000)
		31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
		£000	£000	£000	£000	£000	£000
Gavin Boyle	Chief Executive	255-260	220-225	0	47.5-50	255-260	270-275
Kevin Downs	Executive Director of Finance and Performance	165-170	150-155	0	67.5-70	165-170	215-220
Sharon Martin	Executive Chief Operating Officer	170-175	155-160	0	52.5-55	170-175	205-210
Cathy Winfield	Executive Chief Nurse	155-160	150-155	0	(7.5-10)	155-160	145-150
Neil Pease	Executive Director of Workforce and Organisational Development (resigned 31.12.2019)	120-125	140-145	0	65-67.5	120-125	205-210
Peter Moore	Executive Director of Strategy and Integration (from 23.07.2018)	125-130	75-80	87.5-90	285-287.5	215-220	360-365
Duncan Bedford	Executive Managing Director	140-145	105-110	0	10-12.5	140-145	115-120
Magnus Harrison	Executive Medical Director	230-235	175-180	0	0	230-235	175-180
Amanda Rawlings	Executive Director of People and Organisational Development (from 02.03.2020)	10-15	0	42.5-45	0	50-55	0
Krishna Kallianpur	Acting Executive Chief Nurse	25-30	0	0	0	25-30	0

*No pension data for Krishna Kallianpur was available for disclosure*

### Salary & Pension Entitlements of Senior Employees

All information concerning pensions has been provided by the NHS Pension Service. Amounts shown in the employers contribution to the stakeholder pension column relate to the Trust's contribution to non NHS pension schemes. Magnus Harrison opted out of scheme in 2016.

Name	Assignment	Real increase in pension at age 60 (bands of £2500)	Lump sum at aged 60 related to real increase in pension (bands of £2500)	Total accrued pension at age 60 at 31st March 2020 (bands of £5000)	Lump sum at aged 60 related to accrued pension at 31st March 2020 (bands of £5000)	Cash Equivalent Transfer Value at 31st March 2020	Cash Equivalent Transfer Value at 31st March 2019	Real Increase in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension
		£000	£000	£000	£000	£000	£000	£000	£000
Gavin Boyle	Chief Executive	0	0	0	0	0	1226	0	0
Kevin Downs	Executive Director of Finance and Performance	0	0	0	0	0	864	0	0
Cathy Winfield	Executive Chief Nurse	0	0	0	0	0	883	0	0
Neil Pease	Executive Director of Workforce and Organisational Development	0	0	0	0	0	509	0	0
Sharon Martin	Chief Operating Officer	0	0	0	0	0	1429	0	0
Duncan Bedford	Executive Managing Director	0	0	0	0	0	856	0	0
Peter Moore	Executive Director of Strategy and Integration	2.5-5	0	20-25	0	276	212	58	0
Amanda Rawlings (from 02.03.2020)	Executive Director of People and Organisational Development	0-2.5	-2.5-0	30-35	65-70	608	554	3	0
Krishna Kallianpur	Acting Executive Chief Nurse	No pension data was available for disclosure							

## Directors Expenses

A total of £22,291.16 was paid as expenses to Executive and Non-Executive Directors in 2019-2020 (£32,699 in 2018-2019). The number of directors who held office during 2019-2020 was 17 (2018-2019 was 16).

## Directors Remuneration and Other Benefits

	2019-20 £000	2018-19 £000
Directors Remuneration	1,410	1,209
Employer Contributions to Pension Scheme	24	90

There were no advances, credits granted or guarantees entered into for any directors of the Trust, by the Trust or any subsidiary of the Trust. There are no directors benefits accruing under other defined benefit pension schemes (2018-2019 nil).

## Average monthly number of persons employed (WTE)

	Group Accounts	
	2019-2020 WTE	2018-2019 WTE
Medical and dental	1,409	1,214
Ambulance Staff	2	7
Administration and estates	2,457	2,245
Healthcare assistants and other support staff	2,895	2,718
Nursing, midwifery and health visiting staff	3,483	3,159
Nursing, midwifery and health visiting learners	2	5
Scientific, therapeutic and technical staff	1,127	1,046
Healthcare Science Staff	299	279
Subsidiaries	7	11
<b>Total Staff Employed</b>	<b>11,681</b>	<b>10,684</b>

## Median Remuneration

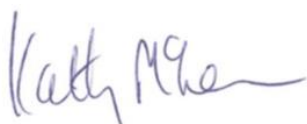
The median salary of the Trust was £28,358 (£27,146 in 2018-2019). The mid-point range for the highest paid Senior Manager was £257,500 (£222,500 in 2018-2019) which is 9.08 times the median salary (8.20 times in 2018-2019).

The median salary has been established by taking the full time equivalent salary of all employed in post on 31 March 2020 together with the full time equivalent salary of all bank and agency staff who worked for the Trust on 31 March 2020.

## Staff Costs

The employee expenditure detailed in the Employee expenses tables in note 5 to the accounts include the following costs shown in the table.

	Group	
	2019-20 £m	2018-19 £m
Registered nursing, midwifery and health visiting	146.717	128.515
Healthcare scientists and scientific, therapeutic and technical staff	77.767	53.075
Support to clinical staff	43.776	53.762
Medical and dental staff	161.243	133.907
Non clinical staff	84.856	77.178
Charity Staff	0.973	0.881
Subsidiary staff	0.729	0.611
<b>Total Substantive Staff</b>	<b>516.061</b>	<b>447.929</b>
Registered nursing, midwifery and health visiting	15.051	12.411
Healthcare scientists and scientific, therapeutic and technical staff	1.263	0.903
Support to clinical staff	8.716	7.463
Medical and dental staff	5.139	5.944
Non clinical staff	1.858	2.329
<b>Total Bank Staff</b>	<b>32.026</b>	<b>29.05</b>
Registered nursing, midwifery and health visiting	3.361	2.638
Healthcare scientists and scientific, therapeutic and technical staff	2.384	2.254
Support to clinical staff	0.039	0.430
Medical and dental staff	10.015	9.906
Non clinical staff	0.297	0.121
<b>Total Agency Staff</b>	<b>16.099</b>	<b>15.349</b>
Pension Costs - met by NHS England	22.324	0.000
Less recoveries in respect of staff costs netted off expenditure	(3.865)	(3.424)
<b>Total Employee Costs</b>	<b>582.643</b>	<b>488.904</b>



**Dr Kathy McLean OBE**  
Chair  
30 July 2020



**Gavin Boyle**  
Chief Executive  
30 July 2020



## Staff Engagement Report

### Staff Engagement

The Trust has used findings from the national NHS Staff Survey and the local staff survey quarterly report to inform its approach to staff engagement. This enables the Trust to fully explore any areas of concern, such as quality of appraisals and incident reporting.

To gain more meaningful insight into how colleagues are feeling about the organisation post-merger, the Trust has continued to use the Clever Together online crowdsourcing platform to gather feedback at regular intervals and through the conversations that have taken place have helped shape strategies such as one for the Allied Health Professionals and also for Nursing colleagues.

A variety of forums have ensured continued engagement with colleagues throughout 2019/2020:

- Staff survey forums and participation events
- Working For Longer questionnaire and staff discussion forums
- Working For Longer conference
- Seasonal wellbeing roadshows and working with #TeamUHDB
- Time for Tea informal networking discussion forum with senior leadership team
- Range of professional 'time outs'
- Leadership Community Forums (mid-band and senior leaders)
- Non-Executive Director drop-in surgeries
- Freedom to Speak Up drop in roadshows and champion work
- Schwartz Rounds (forums in which staff can reflect on their experiences of providing healthcare)
- Management visibility programmes (back to the floor, board to ward activities)
- Staff engagement groups
- Lead Ambassadors (colleagues working together to promote compassionate leadership supporting the Organisational Development (OD) agenda)
- Staff Engagement group working in partnership with trade union colleague

### Staff Survey

The NHS Staff Survey is recognised as an important way of ensuring that the views of staff working in the NHS inform local improvements and are fed into local and national assessments of quality, safety, and delivery of the NHS Constitution. The results were published by the Care Quality Commission (CQC) on 18 February 2020.

- ✓ In 2019, a total of 12,465 of our staff were eligible to complete the survey, with 5,886 actual returns (a full census was carried out).
- ✓ In 2019, the response rate for UHDB 47% compared, to 38% in 2018.
- ✓ In 2019, the response rate for acute trusts nationally was 47%.

Colleagues are telling us that they still believe UHDB is the best place to work, is the best place for their families to receive care, and that care is our top priority. All three are well above the average of other acute hospitals:

	UHDB	National Average
✓ Patient care is our top priority	80.1%	(77.4%)
✓ I would recommend working here	67.5%	(62.5%)
✓ Our care is up to standard for my family/friends	78.7%	(70.5%)

Of the 11 key indicators, quality of care, safety and engagement can be highlighted as being either above or below to within 1-2% of the national average. The survey also identified areas where the Trust can improve, with some areas that will be quick wins which is another positive. Scores for each of the 11 indicators, together with those for acute trusts nationally, are shown below:

Theme	2019		2018	
	Trust	Acute Trusts	Trust	Acute Trusts
Equality, Diversity & Inclusion	9.1	9.0	9.1	9.1
Health & Wellbeing	5.7	5.9	5.9	5.9
Immediate managers	6.7	6.8	6.7	6.7
Morale	6.1	6.1	6.2	6.1
Quality of appraisals	5.4	5.6	5.2	5.4
Quality of care	7.4	7.5	7.4	7.4
Safe environment – bullying and harassment	8.0	7.9	8.0	7.9
Safe environment - violence	9.4	9.4	9.4	9.4
Safety culture	6.7	6.7	6.7	6.6
<b>*Staff engagement</b>	<b>7.1</b>	<b>7.0</b>	<b>7.1</b>	<b>7.0</b>
Team working	6.4	6.6	-	-

*\*The latest national NHS Staff Survey (2019) results show that the Trust is above average for staff engagement, which measures staff motivation, involvement and advocacy, as well as equality, diversity & inclusion, and safe environment - bullying and harassment.*

### Comparisons with previous year

Questions in which the Trust is **most improved** from the last survey:

- Q2c Time often passes quickly when I am working
- Q4f Have adequate materials, supplies and equipment to do my work
- Q10c Don't work any additional unpaid hours per week
- Q19e Appraisal: Organisational values definitely discussed
- Q19d Appraisal/performance review: definitely left feeling work is valued (also most improved in 2018).

Questions in which the Trust is **least improved** from the last survey:

- Q4d Able to make improvements happen in my area of work
- Q4c Involved in deciding changes that affect work
- Q10b Don't work any additional paid hours per week for this organisation
- Q11c Not felt unwell due to work related stress (also least improved in 2018 survey)
- Q22b Receive regular updates on patient/service user feedback.

### Key Strengths - Better than average performance

- Staff Engagement score 7.1 compared to 7.0
- Recommending the Trust as a workplace and as a place to receive treatment/care
- Care of patients being the organisation's top priority

### Below average themes - Action Planning

- Health and wellbeing
- Immediate managers
- Quality of appraisals

- Quality of care
- Team working

### Future priorities and targets

The NHS Staff Survey action plan includes actions to embed the Trust's values and behaviours at all levels as well as increase the opportunities for staff to contribute to improvements in their work.

The Trust will continue to use local staff surveys quarterly to gather staff feedback and to explore engagement as well as utilise the crowdsourcing conversations to capture feedback from a diverse range of colleagues.

### Inclusion measures

This year's report contains data required for the Workforce Race Equality Standard (WRES) and an areas of development identified below will be fed into the Inclusion Group for action planning.

- In 2019 - 4% increase in the number of BAME staff experiencing harassment, bullying or abuse from patients, relatives or the public. This is below the national average.
- In 2019 - 16% of BAME colleagues reported experiencing discrimination at work from managers/team leaders or other colleagues. This is the same level as 2018, but well above levels reported by white colleagues (6%).
- In 2019 - 75% of BAME colleagues believe that there is fair career progression. This is again worse than the perception of white colleagues by (89%).

WRES Indicators		UHDB 2019	Average (median) for acute trusts 2019	UHDB 2018
% of staff experiencing harassment, bullying or abuse from patients, relatives or the public in last 12 months	White	28%	28%	27%
	BME	29%	30%	25%
% of staff experiencing harassment, bullying or abuse from staff in last 12 months	White	25%	26%	24%
	BME	30%	29%	30%
% of staff believing that the organisation provides equal opportunities for career progression or promotion	White	89%	87%	88%
	BME	75%	74%	71%
In the last 12 months have you personally experienced discrimination at work from manager/team leader or other colleagues?	White	6%	6%	6%
	BME	16%	14%	16%

### Workforce Disability Equality Standard (WDES)

The WDES is a data-based standard that applies to all NHS Trusts, and uses a series of measures taken from the 2019/2020 financial year with results being published by 1 August 2020.

It helps to compare and improve the experiences of disabled staff in the NHS and develop action plans to address the differences highlighted by the matrix, with the aim of improving workforce disability equality.

## Key Findings

The table below shows the latest results:

- A 3% improvement in believing the organisation provides equal opportunities for career development.
- Improvements in experiencing less bullying, feeling more valued and experiencing less pressure to attend work when unwell.
- Satisfaction with adjustments being made and staff engagement remain the same.
- Year on year staff survey data across the metrics continues to indicate that staff with a disability is more likely to experience less favourable treatment than non-disabled staff.

WDES Indicators		Disabled	Non-Disabled	
Indicator 4a (Q13a-c)	% of staff who experienced at least one incident of bullying, harassment, or abuse from:-	Patient, service users, relatives	32%	27%
		Managers	17%	10%
		Colleagues	29%	19%
Indicator 4b (Q13d)	% of staff saying that they reported their last incident of bullying, harassment or abuse	44%	45%	
Indicator 5 (Q14)	% of staff that believe their organisation provides equal opportunities for career progression	81%	88%	
Indicator 6 (Q11e)	Experiencing pressure from your manager to attend work when unwell	37%	24%	
Indicator 7 (Q5f)	Staff Satisfaction with extent work is valued by organisation	37%	49%	
Indicator 8 (q28b)	Adequate adjustments made	70%	-	
Indicator 9a	Staff Engagement (Score 0-10) (Organisational Average 7.1)	6.7	7.2	

## Counter Fraud

The Counter Fraud Specialist is responsible for ensuring risks identified through the counter fraud risk assessment, proactive work and investigations are appropriately addressed in order to safeguard the Trusts control framework from fraud. They ensure compliance with the NHS Counter Fraud Authorities Standards for Providers by completing annual and risk based work in four areas; Strategic Governance, Inform and Involve, Prevent and Deter and Hold to Account. This work specifically includes the review of all policies which are either directly or indirectly affected by fraud risks to ensure there is a suitably robust control framework in place.

## Equality, Diversity and Human Rights

UHDB is fully committed to promoting equality, diversity, inclusion and human rights both in employment and the way in which we deliver our services. Our Executive lead for Equality, Diversity, Inclusion and Human Rights is the Executive Director of People and Organisational Development.

The Trust's ambition is to be a high performing organisation that provides and delivers safe and compassionate care to all patients across all our sites, ensuring that we have a people centred approach to enable us to deliver exceptional care together across the health and social care community within Derbyshire and Staffordshire.

The Trust will review mechanisms to improve the recording of patient diversity and to evidence where practices need to change to become more inclusive and address more effectively,

diverse patient needs. The Trust will continue to increase the ethnic diversity of our workforce and engage and attract younger employees, to better reflect the make-up of our local population to improve the quality of the service we provide. We will ensure that women, BAME and disabled staff are more proportionately represented in senior positions within the Trust and that staff who have declared a disability are represented across all occupational groups and bands.

We aspire to be an inclusive and diverse place to work that attracts people with the right skills, values and behaviours, who are passionate and committed to deliver our vision of Exceptional Care Together. We want to develop a positive and people centred culture ensuring everyone feels listened to and supported.

During 2019/2020 89% of UHDB staff completed the Trust Equality and Diversity Training, and we aim to further improve on completion rates by developing an approach to increase training compliance.

Due to the on-going impact of COVID-19 pandemic, the Trust has had to change the way in which services are delivered and the way colleagues work. The Trust therefore understands the importance of engagement and involvement of colleagues and by understanding and valuing the composition of our local communities, will provide real opportunity to put patients at the centre of Trust services and decision making. It also recognises that by involving diverse groups and creation of external partnerships, this will enable the Trust to prioritise and address health inequalities.

The Trust is committed to meeting its legal obligations under the Equality Act 2010 and the Public Sector Equality Duty. The Trust continues to work with the Department of Health Toolkit, the Equality Delivery System 2, the NHS Improvement & NHS England Workforce Race Equality Standards, the Workforce Disability Equality Standard, which was implemented in 2019/2020 and the Gender Pay Gap which was implemented in 2018 and reported annually to the Government Equalities office.

The Trust People Strategy supports and enables the delivery of our vision, values and aspiration to make UHDB the best place to work and create a place where all colleagues in #TeamUHDB unite together to deliver 'Exceptional Care Together'. During 2019/2020, the Trust continued to develop its approach via the Inclusion Framework to delivering the requirements of Equality Delivery System 2 and the current self-assessment against the four key standards is shown below:

EDS2 Goal	Rating
1. Better Health outcomes for all	Developing
2. Improve patient access and experience	Achieving
3. Empowered engaged and well supported staff	Developing
4. Inclusive Leadership at all levels	Developing

The Annual Workforce Equality Report, Workforce Race Equality Standards (WRES) and Workforce Disability Equality Standards action plans, along with supporting information, can be viewed on the Trust's website. A summary of the WRES and WDES outcomes are included earlier in the report.

The Trust undertakes an annual national NHS Staff Survey, and the results are then considered in relation to their implications for diversity. The results are then explored further as part of the work of the Inclusion Group, along with relevant feedback gained from Staff Network Groups, focus groups and other forums, where we aim to have a broad representation from across the

workforce. The NHS Staff Survey has enabled the Trust to recognise that a priority area of work is to make more accessible career progression and development of, our disabled and BAME employees.

The following tables provide a high level summary of the diversity of our workforce in context:

	Female	Male	Grand Total
Chair	1	-	1
Executive Directors	4*	5	9
Non-Executive Directors	4	5	9
Senior Manager**	11	17	27
All Other Staff	10,693	2,444	13,137
<b>Grand Total</b>	<b>10,713</b>	<b>2,471</b>	<b>13,184</b>

\* One post holder is acting up to cover maternity leave

\*\* Senior Manager is defined as - those who report directly into the Executive Directors and those who have responsibility for budgets staff, assets or significant areas of work

Age	Headcount
16 - 19	90
20 - 29	2,462
30 - 39	3,161
40 - 49	3,212
50 - 59	3,246
60 - 69	972
70+	40
Ethnicity	Headcount
Asian	1,496
Black	377
Mixed	213
Not Specified	210
Other Ethnic Group	549
White British/Irish	9,826
White Other	512
Gender	Headcount
Female	10,712
Male	2,471
Disabled	Headcount
No	10,170
Not Declared	2,416
Prefer Not To Answer	2
Unspecified	142
Yes	453

Staff Group	Average FTE
Prof Scientific and Technic	383.14
Additional Clinical Services	2,223.33
Administrative and Clerical	2,314.36
Allied Health Professionals	712.56
Estates and Ancillary	503.17
Healthcare Scientists	313
Medical and Dental	1,309.99
Nursing and Midwifery Registered	3,266.81
Students	3.67

## Staff Policies - Equality, Inclusion and Human Rights

The Trust has a key responsibility to ensure that promoting equality and inclusion, and valuing diversity is central to all Trust policy making, service delivery, employment practices and community engagement. All levels of staff are required to undertake regular training in Equality, Diversity and Inclusion, and thus understand the principles of this.

The Trust continues to embed the Equality Delivery System 2, and this is monitored through the People and Culture Committee. In this way, the Trust ensures compliance with the Trust Inclusion Policy and the Dignity at Work Policy by adopting procedures that prevents discrimination against future or current employees in all aspects of the recruitment process or their appointment and subsequent employment.

The Trust's policies, including the Recruitment Policy and the Developing Our People Policy, ensure that training, career development, and promotion opportunities are equally available to the Trust's disabled employees. This is achieved by ensuring that the Trust follows the social model of disability and not the medical model of disability, by taking all reasonable steps to make adjustments and remove barriers that put disabled workers at a disadvantage. These policies are formally consulted upon and agreed in conjunction with our staff side colleagues.

## Trust Commitment

The Trust has achieved Disability Confident Employer status, which helps the organisation to make the most of the talents disabled people bring to the workplace, and to successfully recruit and retain disabled people and those with long term health conditions. The Trust is also signed up to the Mindful Employers Charter, which is for employers who are positive about Mental Health. We are committed to creating a supportive and open culture, where colleagues are able to talk about mental health conditions and confident that they will be properly supported and offered reasonable adjustments when required. As an employer, we have made an on-going commitment to offer increased support to our colleagues.

## Gender Pay Gap

It is a legal requirement that the Trust publishes their Gender Pay Gap data and shows progress against any identified inequalities on an annual basis, in-line with the regulations linked to the Equality Act 2010.

The gender pay gap describes the difference between the average earnings of all the women in an organisation compared with the average earnings of all the men in that organisation. This is not the same as equal pay, which is about ensuring men and women doing the same or comparable jobs are paid the same. Our Trust is committed to addressing any imbalance in our workforce and recognises that the gender pay gap information provides a useful measure of any

variations between the pay to men and women. The Gender Pay Report for UHDB is available on the Trust's website.

### Trade Union Facility Time

Full details of the Trade Union Facility Time for all UHDB's Trade Union representatives are outlined in the table below:

Number of employees who were relevant union officials during the relevant period.	65 employees	
Percentage of time spent on facility time	0%	31 employees
	1% – 50%	32 employees
	51% - 99%	2 employees
Percentage of total pay bill spent on facility time	0.04%	

### Slavery and Human Trafficking Statement 2019/2020

The Trust supports the Government's objectives to eradicate modern slavery and human trafficking and is committed to ensuring that there is no modern slavery or human trafficking in any part of the Trust's business, and in so far as is possible, to requiring our suppliers hold a corresponding ethos.

To identify and mitigate the risks of modern slavery and human trafficking, the Trust has established robust recruitment procedures which support compliance with national NHS Employment Checks and CQC standards. In addition, other external agencies providing staff have been approved through the NHS Collaborative Procurement Partnership or Health Trust Europe National Staffing Framework Agreements or they have issued a Human Trafficking Policy making explicit the standards expected of all suppliers on their frameworks. The Trust also requires agencies to provide registration details for each booking to enable validation against appropriate professional body where applicable.

When procuring goods and services the Trust adheres to the Standard NHS Terms and Conditions for the Supply of Goods and Provision of Services and will ensure, via Supplier Warranties and the standard Selection Questionnaire, that its supplier base and associated supply chain have taken the necessary steps to ensure modern slavery and human trafficking is not taking place.

The Trust's policies on Safeguarding Adults and on Safeguarding Children incorporate modern slavery and human trafficking. In addition, the Trust's policies on Dignity at Work, Grievance & Disputes Resolution and Freedom to Speak Up give a platform for employees to raise concerns about poor working practices.

Modern slavery and human trafficking is also referenced within the Safeguarding Children and Adult mandatory training, which applies to all staff, as appropriate to their roles and responsibilities. Further guidance for staff coming into contact with cases of modern slavery and human trafficking is available on the Trust intranet.

### Consultancy Expenditure

Consultants have been used by the Trust where specific expertise is required which is not available in-house or where the capacity to complete a time limited exercise does not exist. No consultancy has been used for Executive level appointments. The Trust has spent £1.81million on consultancy during the year.



## Health and Wellbeing of Our Workforce

### Sickness Absence

The sickness absence data for the Trust is outlined below.

Statistics Published by HSCIS from ESR Data Warehouse

	FTE Days available	FTE days recorded sickness	% of recorded days available
2018/19	2,693,875	110,125	4.09
2019/20	3,801,454	167,048	4.90

### Exit Packages

Total	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost other departures agreed	Total number of exit packages	Total cost of exit packages
Under £10k	0	-	3	16,418.68	3	16,418.68
>£10k to £25k	3	4,7631.30	3	45,822.45	6	93,453.75
>£25k to £50k	3	10,5638.03	2	54,730.69	5	160,368.72
>£50k to £75k	1	52,526.40	0	-	1	52,526.40
>£75k to £100k	0	-	0	-	0	-
>£100k to 150k	0	-	0	-	0	-
>£150k to 200k	0	-	0	-	0	-
>£200k	0	-	0	-	0	-
	7	205,795.73	8	116,971.82	15	322,767.55

### Consultative Arrangements with our Staff and Common Awareness of staff regarding the Foundation Trust

The Trust is highly committed to being open and transparent with staff with regard to involving them in decision-making and keeping them informed of changes and developments across the organisation to be a critical part of ensuring a highly engaged workforce. The Trust uses a range of well-established forums for consulting with and engaging our staff and their representatives, including:

- Our Trust Joint Partnership Forum which takes place on a monthly basis. This meeting, which is led by the Executive Director of People and Organisational Development provides for regular formal engagement of staff side colleagues and represents the main forum for collective bargaining on policies and pay within the Trust;
- The Executive Medical Director and Executive Director of People and Organisational Development meets with members of the Medical trade unions on a bi-monthly basis to discuss matters specific to medical staff, including terms and conditions of service; and
- The senior Trade Union representatives also meet with the Executive Director of People and Organisational Development on a weekly basis to discuss matters of shared interest with a view to identifying solutions as appropriate.

## Employee Relations

The central Employee Relations team provides support, advice and guidance for all employee relations (case) work across the Trust. The team was established to provide support, advice and monitoring of a range of employee relations subjects relating to conduct, grievance, appeals, capability, short and long term sickness, dignity at work, terms and conditions, raising concerns and employment tribunals.

The Employee Relations team provides appropriate support to the Divisional and Corporate structures. This development ensures consistency and resilience in service delivery with improved team oversight of the caseload, and is led by the Head of Employee Relations who works closely with Divisional Business Partners and their Divisional Management Teams.

The table below illustrates the volume of the Employee Relations team's work based on data during 2019/2020.

Case Type	Volume of Cases UHDB
Short term sickness (numbers of staff with 4+ episodes of sickness in rolling 12 months)	3,550 average staff per month
Long term sickness (Numbers of staff off sick over 4 weeks)	264 average staff per month
Health Capability Dismissals	26 cases
Disciplinary Investigations	79 new cases
Disciplinary dismissals	7 cases
Grievances (formal)	36 new cases
Dignity at Work	24 new cases
Employment Tribunal / ACAS Early Conciliation Cases	14 cases during the year

## Retaining our Colleagues

The Trust has a well-developed Retention Framework that aligns to the NHS People Plan (interim), the overarching Trust People Strategy and Frameworks that support Health & Wellbeing and Inclusion.

We recognise that retention must feature across the entire employment journey with the organisation, and have made significant progress in implementing a range of initiatives that also support the Health & Wellbeing of all our colleagues.

In November 2019, the Trust won the Burdett Trust National NHSI nursing retention team of the year award. This was in recognition of our partnership working across workforce transformation, Nursing, Health & Wellbeing and recruitment.

The Trust has also worked successfully to engage the multi-generations of current and future colleagues in the following ways:

- Careers evening – working in partnership across health & social care and attracting over 400 young people to future careers.
- Offering work experience opportunities to local schools, work placements through the Prince's Trust, as well as taking on nine local interns on work based placements working with Project Search and ISS.
- Working With Us events - bringing together and showcasing a wide range of benefits that our people can access under the banner of #TeamUHDB.

- Working For Longer Project - Surveying the older workforce, promoting options for retire and return, mid-career planning and flexible working, supported by two successful conferences.
- Job Transfer Opportunity – extended to all 5 sites of the Trust to retain skills and experience.
- Developed online questionnaires to seek informed feedback from starters and leavers
- Introduction of stay conversations as a proactive step to assess the immediate degree of staff satisfaction and engagement that exists amongst colleagues.

A key priority for 2019/2020 was to maximise the opportunity to meet shared objectives in relation to the physical and emotional wellbeing of our colleagues. This was achieved through a series of Trust-wide Wellbeing Roadshows and campaigns, demonstrating a positive impact on key indicators such as staff engagement, morale, attendance, health outcomes and retention. Examples include:

- An annual flu vaccination campaign exceeding the national target of 75% as 81.7% of the Trust's frontline healthcare workers were vaccinated.
- Trust-wide wellbeing roadshows Winter Wellness, New Year and Beyond, Get ready for Summer.
- Take a Break Campaigns (take a break and rehydrate, take a break and reinvigorate, take a break and regenerate).
- Two successful Working Longer Conference in August and September 2019 raising awareness of health related matters such as Menopause and wraparound support for colleagues wanting to work longer or return to work.

The above initiatives had a positive impact on key indicators such as staff engagement, morale, attendance, health outcomes and retention, demonstrating;

- An increase in the extent of engagement had increased from 10% to 30%
- An increase in engagement from Nurses, Doctors and Allied Healthcare Professionals.
- A reduction in sickness absence in certain hotspot areas (such as Medical Assessment Unit, from 12% to 4%)
- An improvement in staff survey results
- An increase in take up of health checks and subsequent health surveillance.

## **Organisational Development**

Organisational Development has a wide remit including values and behaviours, leadership development, team dynamics, coaching and staff engagement. During 2019-2020, Organisational Development continued to work with Clever Together to enable colleagues to be actively involved with decision making in the organisation. A key conversation that took place was with colleagues based on the Queen's Hospital Burton site. Feedback from some people indicated that staff felt the merger had a detrimental effect on their workplace experience. A series of face-to-face conversations with senior management including Executive Directors took place to help support colleagues on the Queen's Hospital Burton site. Organisational Development works with managers including the HR Business Partners and the Freedom to Speak Up Guardian to act on the results of the staff surveys and help address issues raised by colleagues.

In 2019/2020 Organisational Development provided a bespoke facilitation for 1,300 colleagues, nearly 200 people have or are undertaking formal leadership training and over 500 people have accessed leadership masterclasses.

Theme	Description of action/scope	How this will be achieved	Necessary outcomes	Timeline
<b>Staff Engagement</b>	Staff Involvement; giving staff a voice	Launch of Staff Forums Tracking engagement through local staff family and friends test survey Quality appraisal sessions for staff	Colleagues able to raise issues that matter to them and see clear responses; higher quality in appraisal sessions; generally higher levels of staff engagement.	July 2020  March 2020
<b>Values and behaviours</b>	Further embedding of co-created values and associated behaviours, (including setting clear expectations for all); through people management, corporate practices/policies and change & improvement programmes	Behavioural standards self-assessment tool to be widely available Further communication of values and behaviours	Increased awareness of the values and behaviours, so that they guide all of our actions. <i>This will align with the Exceptional Care Together cultural programme.</i>	March 2020 onwards
<b>Leadership</b>	Aligning leaders at all levels to mission, vision, values and behaviours and communicating the People Plan	Future Leadership Conference including guest speakers; senior management visibility through publicised events and walk-arounds; 360 feedback for Trust Board to be considered	Improved senior leadership visibility and enhanced understanding of Trust purpose, behaviour and values.  Conversations occurring with leaders and managers about how we live our values.	September 2020
<b>Inclusion</b>	Further exploration of the national NHS staff survey results, particularly levels of harassment from patients, discrimination from staff and perception of equal opportunity in career progression for BAME and making reasonable adjustments for disabled staff.	Involvement of the Inclusion Committee, Inclusion Ambassadors and Personal Fair and Diverse champions and Staff Network Groups.	Improved experience for BAME colleagues and improved engagement and experience for colleagues with a disability.	Ongoing

Theme	Description of action/scope	How this will be achieved	Necessary outcomes	Timeline
<b>Post-merger support for colleagues</b>	Parking; IT infrastructure and other 'hygiene factors' and engagement with concept of Team UHDB	Staff forums	Greater staff satisfaction with staff travel; IT etc and a sense of belonging to Team UHDB	July 2020
<b>Health and wellbeing</b>	Reducing stress and Musculoskeletal in response to higher (worse) than average levels in this theme of the national NHS Staff Survey 2019	New rapid access service for staff; continued programme of outreach and roadshows	Fewer staff reporting stress and Musculoskeletal; staff with Musculoskeletal problem can access assessment and treatment quickly.	Stress Survey April 2020
<b>Reporting</b>	Improving feedback as a result of incident reporting	Now mandatory within the Datix system and the quality of the feedback will be monitored through each of the Divisions.	Improvement in the number of incidents being reported, as staff understand the rationale and the actions being undertaken to mitigate the incidents by reviewing trends and themes.	Ongoing – due to new managers coming into the organisation

Organisational Development is continuously increasing the number of internal coaches being trained and helping match these coaches with colleagues who need coaching support. The coaching offer also includes training clinicians to undertake clinical coaching with patients.

Organisational Development is also developing a staff engagement brand so that colleagues see a consistent approach from the Trust where they may currently perceive a collection of different initiatives. This project will include ensuring that the NHS staff survey is part of the conversation 12 months a year so that people know their feedback is making a difference.

The co-created values and behaviours will need to be embedded in the organisation and be clearly visible throughout the full employment life cycle for every person. This will include using the values and behaviours for recruitment, selection, appraisal, development as well as in the wider HR processes. The Trust could also use the values and behaviours as a framework to patients to articulate what they should expect from the organisation; this would enable us to have a framework for complaints and compliments.

Organisational Development is now the lead for the Schwartz Rounds and extending the offer across both Royal Derby Hospital and Queen's Hospital Burton.

The 'business as usual' priorities will include coaching for individual and teams, development sessions for teams to support them as they merge, leadership development courses and leadership masterclasses.

## Directors' Appointments and Contracts

All Executive Directors of the Trust Board have permanent contracts of employment, and are not subject to fixed term arrangements, as indicated within the Foundation Trust Code of

Governance. Non-Executive Directors including the Trust Chair, are subject to fixed term appointments. The Executive Director appointments are as follows:

		Board commencement	Notice Period
Mr Gavin Boyle	Chief Executive	7 March 2016	6 Months
Mr Kevin Downs	Executive Director of Finance & Performance	1 April 2015	6 Months
Ms Cathy Winfield	Executive Chief Nurse	1 May 2013	6 Months
Dr Magnus Harrison	Executive Medical Director	1 July 2018	6 Months
Miss Sharon Martin	Executive Chief Operating Officer	1 August 2016	6 Months
Ms Amanda Rawlings	Executive Director of People and Organisational Development	2 March 2020	6 Months
Mr Peter Moore	Executive Director of Strategy and Integration	23 July 2018	6 Months
Mr Duncan Bedford	Executive Managing Director	1 July 2018	6 Months

### Statement of Compliance with the NHS Foundation Trust Code of Governance

UHDB 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. An NHS Foundation Trust is required to provide a specific set of disclosures in its Annual Report to meet the requirements of the Code of Governance. The disclosures are set out below, using the Code of Governance reference where applicable.

### Fit and Proper Person Regulations

The Trust has taken steps to assure itself that all Executive Directors and Non-Executive Directors have been assessed according to the Trust's policy and standards, in line with regulations, to ensure compliance with Fit and Proper Person Regulations and are considered to be fit and proper individuals to carry out their roles. It is also aware of the recommendations from the Kark review and will be looking to address these in the forthcoming year.

### Responsibility for Preparing the Annual Report & Accounts

The Trust Board is responsible for the preparation of the Annual Report and Accounts. The Board consider that the Annual Report and Accounts 2019-2020, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the NHS Foundation Trust's performance, business model and strategy.

### Review of Internal Control

The Trust Board has conducted a review of the effectiveness of the system of internal control, informed by the work of internal auditors, clinical audit and the executive managers and clinical leads within the Trust who have responsibility for the development and maintenance of the internal control framework.

### Council of Governors

The roles and responsibilities and Standing Orders for the Council of Governors meetings are set out in the Trust's Constitution. Decisions reserved to the Council of Governors are set out in Section 3 of the Trust's Scheme of Delegation. The Council of Governors is unable to veto or over-rule decisions made by the Trust Board or be involved in the day to day running of the Trust, setting budgets, staff pay or other operational matters.

## Structure, Council Members and Attendance

The Council during April to June inclusive comprised of a total of 41 Governors, 22 of whom were elected to represent public constituencies, 10 of whom were elected as Staff Governors, and 9 were Appointed Governors.

The members of the Council of Governors who served during the year and their attendance at Council of Governor meeting is shown below. Under the Trust's Constitution the Council of Governors is required to meet a minimum of three times a year. The Trust has found it necessary, particularly with the agenda of items considered by the Council, that the Council should meet bi-monthly.

Public		Council of Governors Meetings Attended
<b>Amber Valley</b>		
Andrew Loades		6 out of 6
Maura Teager		6 out of 6
<b>Dales and South Derbyshire</b>		
Barry Appleby	Until November 2019	0 out of 4
Catherine Devonport		5 out of 6
Nick Seed		6 out of 6
Peter Steedman	From July 2019	5 out of 5
<b>Derby City</b>		
Val Haylett		5 out of 6
Anne Hinks		3 out of 6
Anne Johnson		4 out of 6
Beverley Martin	From July 2019	4 out of 5
Rita Merrison		5 out of 6
Shirley O'Sullivan	Until June 2019	0 out of 1
Douglas Sicé	Until January 2020	3 out of 4
Ranjit Singh Dhanda		4 out of 6
<b>East Staffordshire</b>		
John Anderson	From July 2019	2 out of 5
Graham Lamb		5 out of 6
David Lindop		5 out of 6
Louise Walker		3 out of 6
Paul Walker	Until June 2019	1 out of 1
<b>Erewash</b>		
Michael Flude		5 out of 6
<b>Lichfield and Tamworth</b>		
Pam Dhanda		4 out of 6
Denise Baker		6 out of 6
Barry Hunt	From July 2019	5 out of 5
<b>Rest of England/NWL</b>		
Andrew Rollason	Until March 2020	1 out of 5

Appointed		
John Alcolado	Until January 2020	1 out of 4
Kath Cawdell	Until July 2019	0 out of 2
Linda Chilton	From July 2020	4 out of 5
Elaine Day		5 out of 6
Heather Johnstone	Until October 2019	2 out of 4
Bernard Peters		4 out of 6
Joanna West	Until July 2019	0 out of 1
Bill Whitehead		0 out of 1
Meryll Watkins	From July 2019	4 out of 5
Judith West	From July 2019	3 out of 5
Evonne Williams	From July 2019	1 out of 5
Michael Mudzamiri	From September 2019	1 out of 4
Raheela Khan	From January 2020	1 out of 1
Staff		
Alison Booth		2 out of 6
Rob Bradley		3 out of 6
Amit Goyal		2 out of 6
Samantha Mills		2 out of 6
Benjamin Smith		3 out of 6
Anne Woodhouse		4 out of 6
Cathy Brown	Until August 2019	0 out of 2
Amanda Scott		4 out of 6
Susan Williams-Jones		5 out of 6
Joy Stretton	From September 2019	3 out of 4

The Chair and Chief Executive attend all meetings. Other Executive Directors attend as required. Non-Executive Directors voluntarily attend all meetings which allows them to understand the views of the Governors.

### **Council of Governors' Training and Development**

Training and development is a priority to ensure that Governors understand their role and can contribute effectively to the Trust.

All Governors are requested to attend a Governor Induction session as well as the wider Trust induction. This covers key mandatory training requirements and Governors are encouraged to use the Trust's training passport mobile phone app which prompts when further updates are required.

Governors also have bi-monthly workshop sessions which focus on areas of knowledge and development where senior staff present on key topics as requested by the Governors. In addition to these workshops others have been held on particular topics to enhance understanding.

The Trust subscribes to NHS Providers and circulates training and development material to Governors and gives the opportunity for Governors to attend their regional and national events which are allocated to the Trust. Governors have also joined Board sub-Committees as observers to allow them to view and understand the working of the governance structure reporting this back to the full Council of Governors. Governors have written articles for the UHDB news magazine to raise awareness of their roles amongst the Members. The Trust will continue to work with and support Governors in carrying out their role.



### **Council of Governors Register of Interests**

A Register of Interests relating to the Council of Governors is regularly updated and maintained, and is available for inspection in the Corporate Governance Department, Trust Headquarters, Level 5, Royal Derby Hospital, Uttoxeter Road, Derby DE22 3NE and on the Trust's web-site.

### **Process for the Appointment of the Chair and Non-Executive Directors**

The Trust has in place arrangements covering the process for the appointment of the Chair and Non-Executive Directors. These arrangements are defined in the Trust's Constitution and cover the following responsibilities:

- The Trust Board will identify the balance of individual skills, experience and knowledge it requires at the time a vacancy arises for the Non- Executive Directors (including the Chair). They will draw up a job description and person specification for each new appointment.
- Under the Trust's Constitution, the Council of Governors can re-appoint the Chair or Non-Executives for a second term of office without the need for open competition. When open competition is applicable, appropriate candidates will be identified by a Nominations Committee through a process of open competition, which will present a shortlist of potential candidates for consideration by the Appointments and Remuneration Committee appointed by the Council of Governors.
- The Nominations Committee will comprise the Chair (or Vice-Chair, unless they are standing for appointment, in which case another Non-Executive Director when a Chair is being appointed) and two Governors from the Council of Governors Appointments and Remuneration Committee (one staff, one public). The Chief Executive shall be entitled to attend and speak at the meetings of the Nominations Committee and the Committee shall take into account the Chief Executive's views.
- The Council of Governors' Appointments and Remuneration Committee will have responsibility for handling all further aspects of the recruitment process. When interviewing, the Appointments and Remuneration Committee will include the Chief Executive, the Chair, or the Vice Chair, if the Chair cannot attend the meeting or is standing for appointment, unless the Vice Chair is standing for appointment, in which case the Chair or another Non-Executive Director. An external assessor can attend to provide advice only.
- The Appointments and Remuneration Committee will select a short list of candidates and will make recommendations to the Council of Governors who shall appoint the Non-Executive Directors.
- The Council of Governors shall not appoint any candidate not shortlisted or recommended by the Appointments and Remuneration Committee.
- Any re-appointment of a Non-Executive Director shall be subject to a satisfactory appraisal carried out in accordance with procedures which the Council of Governors has approved.

### **The Council of Governors' Membership Group**

The Membership Group consists of ten members and is primarily concerned with membership activities and membership communication and development. The membership group met six times during 2019-2020, discussing and agreeing changes to the membership strategy, developing an engagement calendar and considering opportunities to engage with their constituents.

### **The Council of Governors Core Regulations Working Group**

This Group provides assurance to the Council of Governors for the submission of official commentary to the Care Quality Commission and also in the monitoring of an agreed

performance indicator for inclusion in the Trust's Quality Report, both of which are mandatory requirements on the part of Governors. The Group carries out detailed audits of clinical areas and reports to NHS Improvement any actions arising out of the audits.

### **Elections to the Council of Governors**

Elections normally take place on an annual basis and newly or re-elected Council representatives take up their appointments with effect from 1 July.

The standard term of office is three years. The maximum term of office is three times three year consecutive terms. However, due to COVID-19, the election due to be held in June 2020 has been suspended until 2021. An amendment to the Constitution was agreed by both the Council of Governors and the Trust Board to allow those Governors who were due for re-election and had not completed their maximum term to extend their time in post by one year, should they wish to do so.

As part of the normal election process, members are required to nominate themselves, and where the number of prospective nominees exceeds the number of seats available on the Council, a ballot is held of the members within each constituency as appropriate. Prospective Governors are required to provide sufficient biographical details on the ballot forms, to enable the membership to decide who should receive their vote.

### **Nominated Lead Governor**

Under existing NHS Improvement guidance, all Foundation Trusts are required to provide details of a Nominated Lead Governor. Mrs Maura Teager was elected by the Council of Governors to be the Lead Governor. The role of the Nominated Lead Governor is defined by NHS Improvement in Appendix B to the NHS Foundation Trust Code of Governance (published July 2014).

### **Governors' Expenses**

The following table represents the amounts paid to Governors who have submitted a claim form in relation to mileage and other travel expenses including rail tickets, taxi fares and meals.

<b>Governor</b>	<b>2018-2019</b>	<b>2019-2020</b>
Andrew Loades	£816.40	£1,161.14
Beverley Martin	£296.67	£194.15
Catherine Devonport	£115.00	£93.84
Barry Hunt	£0.00	£559.60
Jenny Ireland	£236.70	£0.00
Susan Williams-Jones	£0.00	£72.49
Maura Teager	£891.00	£1041.61
Michael Flude	£151.20	£12.00
Nick Seed	£24.30	£136.47
Rita Merrison	£185.40	£155.10
Joy Stretton	£0.00	£139.11
Anne Johnson	£326.25	£433.28
Valerie Haylett	£223.47	£332.34
Elaine Day	£574.85	£970.17
Graham Lamb	£180.00	£289.96
Cathy Brown	£42.70	£17.00
Pam Dhanda	£320.85	£226.54
David Lindop	£178.20	£378.32

## Membership

The Trust membership is defined into two categories, Staff membership and Public membership.

### Staff Membership

All staff (on a permanent contract or a contract of over 12 months) are automatically made members of UHDB, unless they decide to opt out. The number of staff opting-out of membership has been very small. At the end of March 2020, there were 13,021 staff members.

### Public Membership

The minimum age for public membership is 16 and members must live within the defined areas as listed in the Trust's Constitution. As at the end of March 2020, there were 15,078 public members.

### Membership Constituencies

Public membership has decreased from 15,104 at the beginning of April 2019 to 15,078 by the 31 March 2020. Staff membership has increased from 12,449 at the beginning of April 2019 to 13,021 by 31 March 2020. Total membership has increased from 27,553 at the beginning of April 2019 to 28,099 by 31 March 2020.

The overall Membership position at 31 March 2020, by constituency is as follows:

	1 April 2019	31 March 2020
Amber Valley	1,357	1,346
Dales & South Derbyshire	2,453	2,449
Derby City	4,915	4,912
E Staffs	3,085	3,075
Erewash	805	802
Lichfield and Tamworth	1,449	1,413
Rest of England and North West Leicestershire	1,040	1,047
Out of Trust Area	0	34
Staff	12,449	13,021
	<b>27,553</b>	<b>28,099</b>

### Public Membership Analysis

Public membership can be analysed as follows:

Public constituency	Number of members	
	31 March 2019	31 March 2020
<b>Age(years):</b>		
0 - 16	15	17
17 - 21	185	168
22+	14,273	14,245
Unknown	671	648
<b>Total</b>	<b>15,104</b>	<b>15,078</b>
<b>Ethnicity:</b>		
White	11,846	11,748
Mixed	66	70
Asian	742	751
Black	208	210
Other	34	35
Unknown	2,208	2,264
<b>Total</b>	<b>15,104</b>	<b>15,078</b>
<b>Gender analysis:</b>		
Male	5,585	5,527
Female	9,449	9,467
Unknown	70	84
<b>Total</b>	<b>15,104</b>	<b>15,078</b>

## **Membership Development**

Recruitment of members continues in line with the Trust's Membership Development Strategy with all Governors being encouraged to participate in recruitment and engagement activities.

A number of steps have also been taken to ensure a representative membership, including attending diverse events and targeted recruitment and engagement. The Trust has taken the opportunity to attend various local events during 2019-2020 to raise its profile, membership and to keep members advised on the progress following its merger.

## **Members' Events**

The popular 'Health Information Talks' series continues to attract the public and existing members. The Trust is continuing to use this method of engaging and receiving feedback from the membership on a wide range of issues. After each presentation the Governors are available should any member wish to have an informal discussion about any concerns or issues affecting them. Another reason to hold these presentations is so members can hear about new advances in healthcare or find out what happens behind the scenes in a particular department.

The Annual Members' Meeting held each September can be attended by all members and is a valuable opportunity for the Trust Board, and the Governors to understand the views and concerns of the members. The Membership Office continues to work with the Communications Office and the Engagement Office on opportunities to involve members.

Any member of UHDB wishing to make contact with their Governor Representative should contact the Trust's Membership Office by email [uhdb.membership@nhs.net](mailto:uhdb.membership@nhs.net) or call 01332 785440 and arrangements will be made for the Governor to make contact.

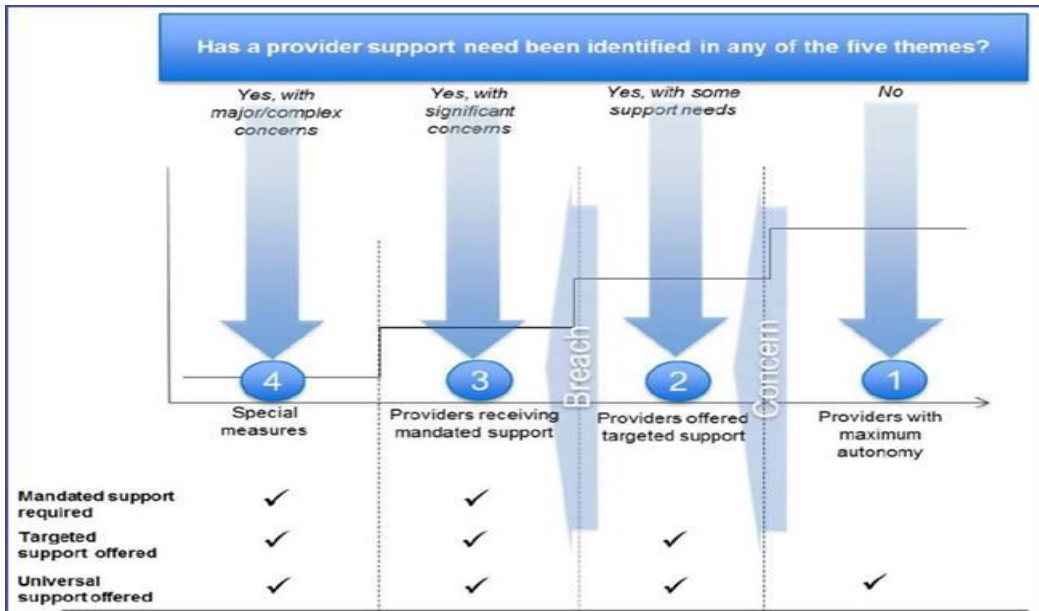
## **NHS Oversight Framework**

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

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

Based on information from these themes, providers are segmented from 1 to 4, where '4' reflects providers receiving the most support, and '1' reflects providers with maximum autonomy. A foundation trust will only be in segments 3 or 4 where it has been found to be in breach or suspected breach of its licence. The Single Oversight Framework applied from Quarter 3 of 2016-17 and was updated in November 2017.

The segmentation information shown below is the Trust's position as at 31 March 2020. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website. The Trust has been rated as a 4 overall.



### Finance and use of resources

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

	In-year	Annual/ less frequently	Ad hoc
Quality of care	In-year quality information to identify any areas for improvement (see Appendix 2)	Annual quality information	Results of CQC inspections CQC warning notices, fines, civil or criminal actions and information on other relevant matters
Finance and use of resources	Monthly returns	Annual plans	One-off financial events (eg sudden drops in income/ increases in costs) Transactions/mergers
Operational performance	Monthly/quarterly (in some cases weekly <sup>2</sup> ) operational performance information (see Appendix 3)		Any sudden and unforeseen factors driving a significant failure to deliver
Strategic change	Delivery of sustainability and transformation plans (STPs) Progress of any new care models, devolution plans	STPs	Any sudden and unforeseen factors driving a significant failure to deliver
Leadership and improvement capability	Third-party information with governance implications <sup>1</sup> Organisational health indicators - staff absenteeism - staff churn - board vacancies	Staff and patient surveys Third-party information with governance implications <sup>1</sup>	Findings of well-led reviews Third-party information with governance implications <sup>1</sup>

<sup>1</sup> eg reports from quality surveillance groups (QSGs), GMC, ombudsman, CCGs, Healthwatch England, auditors, Health and Safety Executive, patient groups, complaints, whistleblowers, medical Royal Colleges

<sup>2</sup> Where necessary

### Enforcement Undertakings

Enforcement undertakings were put in place on the 4 September 2014 and required the Trust to develop a financial recovery plan, referral to treatment improvement plan, a cancer wait improvement plan and to ensure sufficient governance arrangements are in place to enable the Board to report on progress, understand risks and hold individuals to account for the delivery of the relevant plans.

During March 2019 NHSI issued a new set of Enforcement undertakings and these were reviewed by the Trust Board on 12 March 2019, they remain in place as at 31 March 2020. The Trust has implemented a number of measures to meet the requirements of the Enforcement undertakings these included a sustainability review by NHS Improvement during 2016-2017 which covered clinical sustainability and drivers of the deficit. The Trust is addressing the operational drivers within its control but there remains a number of structural issues not within our immediate control.

### **Statement of Accounting Officer's Responsibilities**

Statement of the Chief Executive's responsibilities as the Accounting Officer of University Hospitals of Derby and Burton 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 the University Hospitals of Derby and Burton 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 University Hospitals of Derby and Burton NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

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

- Observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements,
- 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,
- Disclose and explain any material departures in the financial statements,
- Ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance,
- Confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS Foundation Trust's performance, business model and strategy, and
- Prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the UHDB 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 UHDB 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 UHDB 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.

A handwritten signature in black ink, appearing to read 'Gavin Boyle', with a stylized flourish at the end.

**Gavin Boyle**  
**Chief Executive**  
**30 July 2020**

## Annual Governance Statement

### Scope of responsibility

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

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of University Hospitals of Derby and Burton 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 systems of internal control have been in place in University Hospitals of Derby and Burton 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

The risk management processes are led at Trust Board level by the Trust's Executive Chief Nurse. The Trust had adopted a comprehensive approach to risk management with structures and processes in place to successfully deliver its risk management objectives. Risk issues are discussed and escalated across the committee structures including via the four Divisions and the Improvement Groups before being reported to Trust Delivery Group. A revision of the Governance Structure of the Trust together with an updating of the Risk Management Policy has ensured that there is additional scrutiny of risk at both divisional and corporate levels.

Staff undertake Risk Management training and, where necessary, appropriate staff are trained in risk assessment and investigation techniques. A standard approach for the identification, assessment and management of all risks is in place, using specified processes and reporting to ensure effectiveness. This includes the identification, analysis and control of risks, which are reported and managed through a central database and in addition, high/extreme risks and those with a consequence rating of catastrophic are escalated through identified committee structures.

Staff are required to review risk regularly and inform of any changes and report into the business units and Trust reporting systems to ensure organisational learning and to share good practice.



### The risk and control framework

The Trust's Risk Management Strategy and supporting documents sets out the structure for dealing with risks which include the duties and responsibilities of key staff within the divisions. The risk register is formally reviewed within the Divisions, along with Corporate Services and report to the Risk and Compliance Committee. Overall, the Divisional Directors are responsible to the Trust Board's Executive Chief Operating Officer.

The principal risks faced by the Trust during 2019-2020 were categorised using the Trust's PRIDE objectives:

- P - Putting our patients & communities first
- R - Right first time
- I - Invest our resources wisely
- D - Develop and nurture our colleagues
- E - Ensure improvement through effective partnerships

### Board Assurance Framework

The Trust Board has monitored and reviewed the risks within its Board Assurance Framework through bi monthly report to the full Trust Board linked to reporting of the Board Assurance Framework risks to each of the designated Trust Board Committees. The risks within the Board Assurance Framework were collectively agreed by the Trust Board on Executive recommendation as the areas that would have a direct impact on the Trust's ability to deliver its priorities and objectives. Strategic risks were reviewed and reassessed by Trust Board Committees during the year considering the strategic risks relevant to them linked to the operational risks that were scoring high or extreme. The Committees were looking for assurance that the activity being undertaken to manage the risks was being effective and if not what alternative action was being considered.

The presentation of the Board Assurance Framework was also reviewed during the year and a revised format linked to the new standards of risk appetite was introduced.

The Board Assurance Framework risks rated as Extreme (16) or above were:

- *"Non achievement of national performance targets could lead to regulatory challenge:*
  - *4 Hour Emergency Standard*
  - *18 week RTT*
  - *62 day, 31 day and 2 week wait cancer treatment target*
- *Seven day services"*
- *Failure to deliver 2019/2020 financial plan in respect of : Income and Expenditure,*
- *Failure to deliver the 2019/2020 operational or financial plan in relation to Capital. Impact of assessment criteria being applied by the STP will fundamentally affect the ability of the Trust to obtain capital.*
- *Failure to deliver the required financial benefits associated with divisional cost improvement plans, transformation projects and integration plans will impact on the Trusts ability to deliver its financial plan.*

The risks on the 2019/2020 Board Assurance Framework have been reviewed and closed. A new Board Assurance Framework being established for 2020/2021 which is linked to the strategic objectives and risk appetite of UHDB. The Trust has put in place controls and action plans to mitigate these risks and these are described in the Board Assurance Framework document. Future risks and associated mitigations are identified in a number of ways, including

the Trust Board's regular 'horizon scanning' of the environment in which the Trust is operating and the annual review process.

The Trust has recently reviewed its statement on risk appetite to ensure there was a clear link between this and the risk scores to provide assurance to the Trust Board and its Committees that the action being taken was effective.

A new Board Assurance Framework risk was added in March 2020 directly linked to the impact on the Trust and the NHS in general of the Coronavirus COVID-19 pandemic. A specific corporate risk register was developed to look at the direct risks associated with the COVID-19 pandemic and how this has impacted on the Trust. This was reviewed and updated on a daily basis through the Gold and Silver command structure.

### **Clinical Risk**

The last assessment completed in the Trust by NHS Resolution accredited the Trust with Level 3 Standard across the Trust and Level 2 for Maternity Services. The NHS Resolution now focusses on learning from clinical negligence claims and no longer carries out accreditation processes. The NHS Resolution Clinical Negligence Insurance Incentive Scheme has been launched in its second year and all Maternity Trusts will be required to evidence compliance of the 'top ten' safety criteria.

Trusts that can demonstrate they have achieved all of the ten safety actions will recover the element of their contribution to the Clinical Negligence Scheme for Trusts maternity incentive fund and will also receive a share of any unallocated funds. Trusts that do not meet the ten-out-of-ten threshold will not recover their contribution to the Clinical Negligence Scheme for Trusts maternity incentive fund, but may be eligible for a small discretionary payment from the scheme to help them to make progress against actions they have not achieved.

In the case of incident reporting, the Trust benefits from openness in respect of reporting and encourages incident reporting as a source of organisational learning. Incident reporting is done through the Datix system where it is checked and confirmed before being reported to the Trust Board, Risk and Compliance Group and Quality Committee.

Quality and Equality Impact Assessments are also an integral part of this work, linking with the risk management process, particularly in relation to changes to service delivery. There is a robust Quality Impact Assessments process in place. The Trust is undertaking a review of the Equality Impact Assessments and on completion, there will be a re-launch of this, aligned to the existing Quality Impact Assessments process.

The Trust Board and its Sub-Committees are responsible for considering and monitoring compliance with the Trust's CQC registration. An inspection was undertaken during February and March 2019 and the outcome for the Trust was a rating of Good.

The Trust is required to register with the CQC and its current registration status is registered without any conditions, the Trust has no conditions on registration. The CQC has not taken enforcement action against the Trust during 2019/2020. The Trust has not participated in any special reviews or investigations by the CQC during the reporting period.

### **Cyber Risk**

The Trust is fully aware of the risks of cyber-attacks and has implemented a number of contingency measures to limit the risk on its IT infrastructure as well as having detailed business continuity plans in place. The work plan to upgrade the Trust's PCs to Windows 10 has been

completed which has increased the security of the Trusts IT Infrastructure. Patching has continued on a number of systems including:

- Meditech System patched monthly
- iCM, iLAB, ORMIS and EDIS patched at least quarterly.
- Desktops at Burton sites patched Monthly
- Desktops at Derby sites currently patched quarterly but moving to monthly

Additional key preventative measures have been put in place including:

- Darktrace
- Sophos Intercept X
- Web filtering – Smoothwall
- Advanced Threat Protection

Access to the Cyber Security Support Model also provides the following assistance:

- Free specialist support to identify Cyber Security Risks
- Free support to improve and embed cyber security readiness
- Free training for SIRO, Board Members and IT Managers
- Technical Remediation to identify cyber risks and issues
- On-Site Cyber Security Assessment

### **Data Quality**

Data Quality is a critical element of the Trust's controls. The Trust Board, its Committee's and the senior management receive regular reports on finance and performance split down in great detail as required. This information is managed through a variety of systems including Datix and is combined to produce an integrated performance report that goes to the Trust Board. Information is triangulated to ensure that any inaccuracies can be quickly identified and addressed.

The Trust is bringing forward the introduction of Quality and Performance Committee reporting styles as it is felt this will be beneficial and fit with the revised governance structure that was recently introduced.

### **Corporate Governance Statement**

A Trust Board Capability Review was conducted by Deloitte in 2017 as part of the collaboration work with Burton Hospitals NHS Foundation Trust and builds on the Internal Well Led assessment which raised no governance concerns with significant Assurance being identified. This was further supported by the Reporting Accountant's report issued by Grant Thornton in 2019 which was conducted as part of the Governance review linked to the merger with Burton Hospitals NHS Foundation Trust.

The Trust Board has an established processes to assure itself of the validity of its Corporate Governance Statement required under NHS Foundation Trust Condition 4 (8) (b), with appropriate sources of assurance being provided to the Trust Board, thereby allowing it to self-certify compliance with the Statement.

The Trust Board has undertaken a skill audit and had agreed that a Trust Board capability review would be undertaken linked with the Financial Governance review that had been undertaken by Grant Thornton in February 2020. However the challenges posed by the COVID-19 pandemic have meant that this had been put on hold at the time of this report.

The governance structure has changed during the year to give greater accountability and these changes were being put into place when the situation with COVID-19 caused a review of how governance would have to change to meet the requirements of the new situation. There would

be a significant focus on how to deliver the COVID-19 response as well as maintain business as normal. A move to virtual meetings took place linked to a revised but strong system of internal control through a Gold Command structure which was directly linked to the Trust governance and risk reporting systems through Trust Delivery Group and the Trust Board.

The revised governance structure supports risks facing detailed scrutiny at Divisional and Improvement Group level which links to the high and extreme risks being individually identified on the new Board Assurance Framework support sheets. A separate risk reporting system has been set up linked to the risk register to cope with identifying and tracking risks in the fast changing COVID-19 response.

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

The Trust operates a highly developed internal control environment, including a stringent form of monitoring in terms of budgetary control and expenditure. This control environment has been tested throughout 2019/2020 by monthly reports to the Trust Board and the Board Committees describing the operational and the financial position of the Trust. This has included its progress in achieving the financial targets, forecasts, capital expenditure programmes, transformation and cost improvement programmes that are required of the organisation.

The role of the Trust Board, Audit Committee and Finance and Investment Committee, internal audit function and any other review of assurance are listed in the review of effectiveness section below. Internal and External Audit report to every Audit committee meeting with Counter Fraud reporting regularly and at least to alternate meetings. There are normally two private meetings with External Auditors in April and August however due to the changeover of Auditors this was reduced during the year. Additionally there have been quarterly meetings of Committee Chairs to allow potential overarching issues to be discussed in detail. During the period of COVID-19 weekly NED virtual meetings were held to ensure that communication was maintained as the NED's were not in the Trust's premises.

The Single Oversight Framework is designed to help NHS providers attain, and maintain, CQC ratings of 'Good' or 'Outstanding'. The Framework does not give a performance assessment in its own right. The framework applies from 1 October 2016, replacing the Monitors 'Risk Assessment Framework' and the NHS Trust Development Authority 'Accountability Framework'.

### **Enforcement undertakings**

Enforcement undertakings were put in place on 4 September 2014 and required the Trust to develop a financial recovery plan, referral to treatment improvement plan, a cancer wait improvement plan and to ensure sufficient governance arrangements are in place to enable the board to NHS Improvement progress, understand risks and hold individuals to account for the delivery of the relevant plans.

During March 2019 NHSI issued a new set of Enforcement undertaking and these were reviewed by the Trust Board on 12 March 2019, they remain in place as at 31st March 2020. The Trust has implemented a number of measures to meet the requirements of the enforcement undertakings these included a sustainability review by NHS Improvement during 2016-17 which covered clinical sustainability and drivers of the deficit. The Trust is addressing the operational drivers within its control but there remain a number of structural issues not within our immediate control.

### **Equality and Diversity**

Our Executive lead for Equality, Diversity and Human Rights is the Executive Director of People and Organisational Development. As a forward-thinking NHS organisation, the Trust takes its responsibility for inclusion and diversity extremely seriously and expects all staff to take

responsibility, in line with the Care values, for ensuring that patients, visitors and colleagues are treated as individuals, with compassion, dignity and respect during each and every contact.

Delivering on inclusion and diversity will enable the Trust to achieve its ambition to offer Exceptional Care Together to enable the provision of the best possible healthcare for the local community.

Understanding the makeup of the local communities provides a real opportunity to put patients at the centre of the Trust's services and decision making. It is recognised that involving diverse groups enables the Trust to prioritise and address health inequalities in the community. During 2019/2020 the Trust has continued to engage with and involve staff to ensure that they feel confident in supporting the needs of patients and colleagues. In particular it is important to recognise that 97% of staff had completed the Trust's Equality & Diversity Training.

The Trust's Equality and Diversity Manager has been working across the Trust and with other local NHS organisations to further develop the Quality Impact Assessment and Equality Impact Assessment's for the Trust and to oversee their introduction into the Trust's work. The Trust's Equality and Diversity Manager also has close links with the Trust Freedom to Speak Up Guardian.

### **Workforce**

The harmonisation of workforce policies, processes and systems continues to progress and this work is monitored through the Trust's People and Culture Improvement Group which reports directly into the People and Culture Committee. Our People Strategy has been refreshed during the year and will be re-issued in 2020 following its approval by the Trust Board. UHDB has implemented the electronic Declare system and has published on the website an up to date register of interests for decision making staff (as defined by the Trust with reference to the guidance within the past 12 months, as required by the Managing Conflicts of Interest in the NHS guidance.

As an employer with staff entitled to membership of the NHS Pension Scheme (the scheme), control measures are in place to ensure all employer obligations contained within the Scheme Regulations (the 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.

The Trust has conducted a full review of the People Strategy in line with its strategic direction and that of the national People Plan (Interim). This has led to the development of five strategic objectives that will support the organisation to deliver a robust People Strategy and aligns with the broader clinical strategy of the organisation to embed our values and ensure safe staffing.

The strategic elements incorporate short medium and longer term objectives as follows:

- **Attract:** Develop our 'offer' to attract the best people to join #TeamUHDB
- **Retain:** Develop a culture where our people are proud to work and stay with #TeamUHDB
- **Equality, Diversity & Inclusion:** Develop a positive, inclusive and person centred culture that everyone feels listened to and supported
- **Engage, Involve & Lead Our Colleagues:** Ensure everyone feels they have a voice, is involved and can influence how the Trust works

- **Develop for the Future:** Ensure that we put our people at the heart of everything we do to enable us to deliver exceptional care together across the health and social care communities within Derbyshire and Staffordshire.

### Information Governance

Risks relating to information are managed and controlled via the Information Governance Steering Group which is chaired by the Executive Medical Director/Caldicott Guardian and attended by the Executive Director of Finance and Performance (Senior Information Risk Owner).

The Trust extensively uses the Data Security & Protection Toolkit (“the Toolkit”), which is an online self-assessment tool that allows organisations to measure their performance against the National Data Guardian’s 10 data security standards.

All organisations that have access to NHS patient data, systems and networks must use this Toolkit to provide assurance that they are practising good data security and that personal information is handled correctly. The Toolkit replaces the Information Governance Toolkit, which had for many years been used by the Department of Health to assess organisations’ compliance with Information Governance requirements.

Serious Information Governance Incidents must be reported through the Toolkit. The Toolkit has an Incident Reporting module. Serious incidents reported through the Toolkit are escalated to the Information Commissioner’s Office and Department of Health & Social Care as appropriate.

*The Toolkit requires organisations to achieve on an annual basis 95% Information Governance training compliance. Prior to the COVID-19 outbreak the Trust compliance level reached 90% with a plan of action to achieve 95% before end of March 2020. One of the consequences of COVID-19 is that the majority of training has been cancelled. Due to the number of staff now exceeding their expiry date the current compliance level stands at 87%. A proposal and action plan to raise compliance is being submitted to Information Governance Steering Group for implementation as soon as the current situation is more stable.*

### Serious Incidents 2019-2020

There have been two serious incidents reported through the Toolkit and escalated to the Information Commissioner’s Office between April 2019 and March 2020.

Date	Site	Incident
16.09.2019	N/A	A Company who have a contract with the Trust to deliver medication to patients had their van stolen which contained details of 11 of our patients.
19.12.2019	Royal Derby Hospital	A Father and his son attended our Trust as his child had an injury to his hand. Staff here asked Dad if they still live at ..... and gave him some paperwork to take away that included a prescription and appointment details. The Trust had not been made aware that, although the father was allowed access he was not allowed to know where the child and mother lived. Trust process is that staff must ask the patient/carer to confirm the address (not as above ask if you still live at.), however on this occasion it appears that the staff did not follow Trust process.

The Trust continues to maintain compliance with the Toolkit. 360 Assurance completed their annual Toolkit audit and provided their report. However the final Toolkit submission is not yet complete. NHSX recognised the difficulty many organisations would have to fully complete the

toolkit without impacting on their COVID-19 response, therefore took the decision to push back the final deadline for the Toolkit submission by 6 months to 30 September 2020.

### **Involvement of stakeholders in risk reporting and management**

Public stakeholders are involved in the risk management process through the Trust's Council of Governors who receive reports relating to risk management issues, including complaints. Governor observers attend all the Trust Board Committees and hear the discussions regarding the review of risks assigned to the Committees which are discussed bi-monthly.

The Trust also has a Patient Experience and Engagement Group which receives detailed information on complaints, incidents and Patient Advice and Liaison issues. Membership of this group includes lay representatives from patient groups, Local Involvement Networks (Healthwatch Derby City and Derbyshire) and Public Governors. This is a way for representatives of the patients and public to be involved in managing the risks and quality issues which impact patients and the public.

The Council of Governors plays an important role in supporting the Trust's assurance processes by their scrutiny of the Trust's work and broad involvement in the Trust. In particular the Core Regulation Governors are actively involved in working with the Trust to ensure its quality standards are met carrying out detailed audits of clinical areas, monitoring any actions arising and providing assurance to the Council of Governors.

### **Visible Leadership**

There have been a number of Board to Ward and Core Regulations Group visits undertaken throughout this financial year. However these were suspended in March 2020 due to COVID-19 pandemic. The Board to Ward visits involve a Governor from the Core Regulations Group as well as Executive and Non-Executive Directors.

The Chair and Chief Executive regularly visit areas across the Trust talking to staff and patients about their roles and experiences. These are reported in their respective Blogs. The Executive Medical Director and Executive Chief Nurse carry out regular safety rounds along with other Senior Nursing and Medical Staff from across the organisation. The Trust's Quality and Performance Committee is the Board Committee that oversees Quality, Safety and Effectiveness and is chaired by a Non-Executive Director. During early 2020 a revised governance structure was agreed that meant the terms of reference for the Quality and Performance Committee were updated and its name changed to the Quality and Performance Committee. A revised level of reporting has been developed that will mean the Committee will be in a position to challenge the assurance that is being provided requiring addition information on areas where there is a level of concern

The Trust Board has regular time-outs to appraise themselves on more detail of certain issues including the Trust Quality Governance and Reporting Structure. In addition members of the Quality and Performance Committee and the Governors who are members of the Core Regulations Group meet to discuss Quality issues including the Quality Strategy and progress of the priorities.

### **Incident Reporting**

Intelligence is gathered via the Trust's Datix incident reporting system. This system contains six modules which allows for detailed reporting and the monitoring of trends. Information is triangulated with the data from a range of other sources to ensure a rich intelligence, with more details being available in section 5 of the Quality reports. The intelligence is validated through the Trust's Quality Governance structure and Trust Delivery Group.

The Trust has a Freedom to Speak Up (Raising Concerns at Work) Policy which is publicised at staff induction by the Chief Executive outlining our commitment to an open and learning culture. It is due to be updated when the new template policy is produced by NHS Improvement in mid to late 2020.

The Trust has undertaken further campaigns to highlight ways in which staff can report any concerns and feel confident they are listened to; including the development of our Datix system for staff to report anonymously, drop in sessions with our Freedom to Speak Up Guardian and Non-Executive Director, roadshows outlining the importance of the NHS staff survey with the staff engagement lead and a link to national anti-bullying week. The Freedom to Speak Up Guardian also attends some of the Time for Tea events with Trust Board members and staff to listen to staff issues.

The Trust has recruited 22 Freedom to Speak up Champions from a diverse range of backgrounds ready to attend the National Guardian's Speak Up training. They will offer a signposting service to staff, provide soft intelligence to the Guardian and will also be able to raise the profile and awareness of speaking up in their areas.

We undertook a local Freedom to Speak Up survey to better understand our current position and used this and other information to do a full review of our Speaking Up arrangements as required by NHS Improvement. This was presented to Trust Board outlining the priorities and actions for the next 12 months which are now underway.

The Freedom to Speak Up Guardian provides an additional channel enabling staff to raise concerns and reports bi-monthly to the People and Culture Committee and bi-annually to the Trust Board. The Freedom to Speak Up Guardian also attends the People and Culture Committee monthly to ensure triangulation of information. The Safe Working Guardian for Junior Doctors continued to provide a clear link for Junior Doctors to report concerns and engage in discussions. The Safe Working Guardian provides a quarterly report to the Trust Board.

### **Staff and public engagement**

During 2019/20 there has been a significant increase in the level of engagement across the NHS linked to the development of the Sustainability Transformation Programme Plans into Advanced Clinical Practitioners which has led to a greater level of interlinked working. This has involved staff from all areas looking at how the different elements of activity can come together to provide a more integrated and effective approach to service provision.

Governors are involved in these discussions and are kept updated on progress so that they can help provide feedback from their constituencies. Health Information Talks have been well supported throughout the year and have allowed members to interact with key staff from specialities across the Trust.

Staff are engaged at all levels with quality initiatives with defined targets and regular reviews of progress. The ward assurance tool has encouraged staff empowerment to deliver their own improvements. Internal communications regularly feature quality issues in Taking Pride, Exchange, the Chief Executive's Blog and Celebrating Success.

Information is made available through Public Trust Board meetings, the Quality reports, and the Annual Report and Review. Governors also attend all the Trust Board Committees as observers so they are aware of the challenge and decision making within the Trust and are able to utilise this information to inform discussions at the Council of Governors meetings.



## **Annual Quality Report**

Due to the COVID-19 pandemic NHS Improvement and NHS England have agreed to waive the requirement for a Quality Report section of the Annual Report hence there will only be a brief overview report with more details being included in the Quality Accounts.

The new Quality Improvement Strategy for 2019/2020 has been developed during this financial year, following consultation with a range of stakeholders. In comparison with the previous strategies of both sovereign Trusts, this strategy puts much greater emphasis on the 'how' quality improvement is delivered, as opposed to the 'what'. Whilst the 'what' is clearly still important, a consistent and well understood approach to the 'how' will support the implementation of a Trust-wide commitment to a learning and improvement culture. The 'what' will change according to emerging priorities but change will not happen effectively and consistently without a Trust model continual dynamic improvement.

The Quality Dashboard enables progress against KPI's to be measured and monitored. There are a number of systems and processes from which we obtain data which will be detailed in the Quality report and these are subject to rigorous scrutiny prior to reporting both internally and externally.

Progress against implementation plans is monitored and reviewed by Quality and Performance Review Committee and any issues escalated for resolution to Quality and Performance Committee. More detailed information about the Quality Improvement Strategy and priorities for improvement along with the 2020-2021 priorities will be provided in the Quality Accounts to be submitted later in the year.

## **NHSI's Quality Governance Framework**

Quality Governance is the combination of structures and processes at and below Trust Board level to lead on Trust-wide quality performance including:

- ensuring required standards are achieved
- investigating and taking action on sub-standard performance
- planning and driving continuous improvement
- identifying, sharing and ensuring delivery of best- practice
- identifying and managing risks to quality of care

The Quality and Performance Committee structure includes an Executive lead group in the form of a Quality Review Committee, which provides assurance to the Trust Board's Quality and Performance Committee on issues relating to quality.

## **Revenue Spending and Plan**

The reported Group deficit for the year ended 31 March 2020 is £54.2m as shown in the table below. This position includes the Trust, its wholly owned subsidiaries and the Derby and Burton Hospitals Charity.

**Statement of Comprehensive Income**

University Hospitals of Derby and Burton Foundation Trust	Trust and Subsidiaries £m	Charity Consolidation £m	Group £m
Operating income from patient care activities	761.555	0.000	761.555
Other operating income	96.413	2.547	98.960
Operating expenses	(891.837)	(3.588)	(895.425)
Operating Surplus / (Deficit)	(33.869)	(1.041)	(34.910)
Finance income	0.200	0.364	0.564
Finance expense	(18.555)	0.000	(18.555)
Net Finance Costs	(18.355)	0.364	(17.991)
Other gains/(losses)	(0.172)	(1.089)	(1.261)
Share of profit/(loss) of associates/ joint ventures	0.000	0.000	0.000
Gains/(losses) from transfers by absorption	0.000	0.000	0.000
Surplus/(Deficit) on Continuing Operations	(52.396)	(1.766)	(54.162)
Control Total Compliance (before Charity consolidation)	Including PSF £m	Remove PSF £m	Excluding PSF £m
Surplus/(Deficit) for the period/year	(52.395)	(15.598)	(67.993)
Add back all I&E impairments/(reversals)	0.709	0.000	0.709
Adjust (gains)/losses on transfers by absorption	0.000	0.000	0.000
Surplus / (Deficit) before impairments and transfers	(51.686)	(15.598)	(67.284)
Remove capital donations/grants I&E impact	0.432	0.000	0.432
Prior period adjustments to correct errors and other performance adjustments	(4.589)	0.000	(4.589)
Adjusted financial performance Surplus / (Deficit)	(55.843)	(15.598)	(71.441)
Control total including PSF	0.000	(25.394)	(25.394)
Variance against control total	(55.843)	9.796	(46.047)

If the Trust achieved the compliance deficit of £25.394m, it would be eligible for Provider Sustainability Funding totalling £25.394m that would result in achievement of the break-even control total for 2019/2020. The final revenue outturn position, shown in the Statement of Comprehensive Income (above), has been reconciled to the performance against the control total. This also adjusts the position to show compliance excluding Provider Sustainability Funding. The Trust's actual position against control total compliance is a deficit of £71.441m. This position includes subsidiaries but is adjusted to exclude the charity, impairments and donations. It also includes a prior period adjustment relating to property depreciation; of £4.589m, details can be found in note 38 to the Accounts.

The position is therefore £40.140m adverse variance to the compliance target. The Trust was compliant during the first two quarters and so received £15.598m of Provider Sustainability Funding but was not eligible to receive Provider Sustainability Funding in the last two quarters.

Whilst the Trust under-delivered against an ambitious Cost Improvement Target of c6%, it still achieved c3% overall. The target of c6% included savings of £25m within the local Derbyshire Sustainability Transformation Programme Plans for a full review of Services that attracted local prices as opposed to the national tariff, plus a material increase in the contribution from planned elective work compared to the previous financial year.

The impact of materially higher Non Elective volumes restricting the levels of planned work alongside the reduction in delivery of Cost Improvement for Service Reviews were the material factors in the organisation being c£40m away from its compliance target.

### **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 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 committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Trust Board seeks assurance from the Trust's internal auditors (360 Assurance), by way of reports that are published in response to reviews initiated following the agreement of an annual audit plan.

These reports are undertaken in accordance with the requirements of the Public Sector Internal Audit Standards and provide specific levels of assurance and include suggested actions to improve controls where this is considered necessary.

We have received the Head of Internal Audit Opinion which provides moderate assurance in respect of the Trust's inconsistent application of non-financial controls. The reasons for this reduction from significant to moderate are due to the need for additional work to be completed on the Board Assurance Framework and risk management, internal audit plan out-turn reports on non-financial areas in particular data quality, recruitment and risk management, and the reduction in backlog of follow up on actions from past audits. Full details are available in the Head of Internal Audit opinion. The Trust operates within its Constitution and has Standing Orders and Standing Financial Instructions along with a Scheme of Delegation, all of which are approved by the Trust Board. Any deviation from Standing Orders requires approval by the Executive Director of Finance and Performance, and is reported to the Trust's Audit Committee. In addition, all Trust Board Committees have approved Terms of Reference with reporting arrangements.

Apart from the Audit Committee, the other Sub-Committees include, Quality Committee, Finance, Investment and Performance Committee, People and Culture Committee and Charitable Funds Committee, details of which are set out in the Accountability Report section of this Annual Report. The Audit Committee provides the Trust Board with a means of independent and objective review of:

- Internal control;
- Financial systems;
- The financial information used by the Trust;
- Controls assurance systems;
- Risk management systems;
- Compliance with law, guidance and codes of conduct.

The Audit Committee reviews the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the

organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives.

### **Other Statements**

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 UK Climate Projections 2019 (UKCP18). The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

The Trust has recognised receipt of another Loan not from the Department of Health and Social Care of £1,110k and explained this relates to Salix / Carbon Trust loans. Any non- Department of Health and Social Care loan may need to be underwritten or guaranteed by Department of Health and Social Care. As the Trust is reliant upon the Department of Health and Social Care to provide on- going cash support, it is highly unlikely that Department of Health and Social Care will do this. Any proposal to access private sector funding or funding from other government departments must be discussed with NHS Improvement in the first instance

### **Conclusion**

Other than the issues specifically noted in the previous section of the Annual Governance statement in relation to the NHSI licence, there are no significant internal control issues which have been identified.



**Gavin Boyle**  
Chief Executive  
30 July 2020

# **University Hospitals of Derby and Burton NHS Foundation Trust**

## **Group Annual Financial Statements 2019-20**

## Foreword to the Financial Statements

These Financial Statements, for the year ended 31 March 2020, have been prepared by the University Hospitals of Derby and Burton NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006.

There are three main statutory requirements for an NHS foundation trust in relation to its accounts:

- To keep proper accounts and proper records in such form as the regulator may, with the approval of the Secretary of State, direct;
- To prepare in respect of each financial year annual accounts in such form as the regulator may, with the approval of the Secretary of State, direct; and
- To comply with any directions given by the regulator, with the approval of the Secretary of State, as to: the methods and principles according to which the accounts are to be prepared and the content and form to be given in the accounts.

The Financial Statements include the consolidation of the University Hospitals of Derby and Burton NHS Foundation Trust (UHDB or the Trust), Derby and Burton Hospitals Charity (charity no. 1061812) and the Trust's subsidiary company D-Hive Limited (company no. 06982953), which includes the consolidation of its subsidiary companies Clinicians Connected Ltd (company no. 10250431), Derby Health Staffing Ltd (company no. 11425097) and Pride Pharmacy Ltd (company no. 11508893). More information on all of the Trust's Subsidiaries can be found in note 15.

The reported Group deficit for the year ended 31 March 2020 is £54.2m; this position includes the Trust, its wholly owned subsidiaries and Derby and Burton Hospitals Charity.

University Hospitals of Derby and Burton Foundation Trust	Trust and Subsidiaries £m	Charity Consolidation £m	Group £m
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Other operating income	96.413	2.547	98.960
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<b>Operating Surplus / (Deficit)</b>	<b>(33.869)</b>	<b>(1.041)</b>	<b>(34.910)</b>
Finance income	0.200	0.364	0.564
Finance expense	(18.555)	0.000	(18.555)
<b>Net Finance Costs</b>	<b>(18.355)</b>	<b>0.364</b>	<b>(17.991)</b>
Other gains/(losses)	(0.172)	(1.089)	(1.261)
Share of profit/(loss) of associates/ joint ventures	0.000	0.000	0.000
Gains/(losses) from transfers by absorption	0.000	0.000	0.000
<b>Surplus/(Deficit) on Continuing Operations</b>	<b>(52.396)</b>	<b>(1.766)</b>	<b>(54.162)</b>

The Trust and Subsidiaries column shown in the above table does not reconcile to Trust columns in the primary statements and notes to these accounts, as Trust columns and tables in the notes contain the Trust figures only. The subsidiary figures are shown in the Group columns and tables along with the Charity figures.

The figures are shown in the above table as Trust and Subsidiaries in the first column as this is how the Trust's performance is measured when monitored for control total compliance when reporting to its regulator NHS Improvement (NHSI).

A handwritten signature in black ink, appearing to read 'G. Boyle', with a stylized flourish at the end.

Gavin Boyle  
Chief Executive

30 July 2020

# Independent auditor's report to the Council of Governors of University Hospitals of Derby and Burton NHS Foundation Trust

## Report on the financial statements

### Opinion on the financial statements

We have audited the financial statements of University Hospitals of Derby and Burton NHS Foundation Trust ('the Trust') and its subsidiaries ('the Group') for the year ended 31 March 2020 which comprise the Trust and Group Statements of Comprehensive Income, the Trust and Group Statements of Financial Position, the Trust and Group Statements of Changes in Taxpayers' Equity, the Trust and Group Statements of Cash Flows, and notes to the financial statements, including the summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by HM Treasury's Financial Reporting Manual 2019/20 as contained in the Department of Health and Social Care Group Accounting Manual 2019/20, and the Accounts Direction issued under the National Health Service Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust and Group as at 31 March 2020 and of the Trust's and the Group's income and expenditure for the year then ended;
- have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2019/20; and
- have been properly prepared in accordance with the requirements of the National Health Service Act 2006.

### Basis for opinion

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

### Material uncertainty relating to going concern

We draw attention to Note 1.20 in the financial statements, which sets out the Directors' view concerning the Trust's and the Group's ability to continue as a going concern. As stated in Note 1.20, these events or conditions, along with the other matters as set forth in Note 1.20, indicate that a material uncertainty exists that may cast significant doubt on the Trust's and the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Explanation of Material Uncertainty

At Note 1.20 of the financial statements, the Trust explains that it is subject to enforcement action with its regulator, Monitor (operating as NHS Improvement) and that there is a material uncertainty which may cast significant doubt on going concern relating to the ongoing receipt of funding from the Department of Health and Social Care, as revenue cash support must be approved on a monthly basis and capital funding approved by the submission of a detailed capital support application.

### What audit procedures we performed

In forming our conclusion that there is a material uncertainty related to going concern, we:

- reviewed the Trust's own going concern assessment, verbally reported to those charged with governance on 21 April 2020;
- obtained an understanding of the Trust's 2020/21 financial plan;
- reviewed correspondence with NHS Improvement over any additional financial support in particular its joint letter with NHS England on 27 May 2020 re-affirming its commitment to support provider and commissioner forecasting; and
- assessed the appropriateness of the disclosures relating to the financial sustainability of the Trust within Note 1.20 of the financial statements and on page 17 of the Annual Report, which concluded the appropriateness of the financial statements being prepared on a going concern basis.



## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included 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. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following matters are in addition to the matter described in the “Material uncertainty related to going concern” section of our report.

Key audit matter	Our response and key observations
<p><b>Valuation of land and buildings (Trust)</b></p> <p><i>Note 17 to the financial statements discloses information on the Trust’s holding of property, plant and equipment which includes £26.966m of land, £434.271m of buildings and structures, and £0.983m of dwellings held at current value at 31 March 2020. These assets are subject to periodic revaluation in line with the requirements of the Group Accounting Manual (GAM). Note 1.5 to the financial statements describes the Trust’s accounting policy with respect to the valuation of land and buildings and Note 1.20 discloses further information on the basis of estimates used including disclosure of a material valuation uncertainty as a result of the Covid-19 pandemic.</i></p> <p>Management engage a valuation expert (‘the valuer’) to provide the Trust with valuations in accordance with the requirements of the Royal Institution of Chartered Surveyors (RICS) and the Group Accounting Manual.</p> <p>We consider there to be a significant risk of material misstatement in relation to the valuation of the Trust’s land, buildings and dwellings as a result of the:</p> <ul style="list-style-type: none"> <li>• high degree of estimation uncertainty associated with the valuations;</li> <li>• level of judgement applied by management and the valuer in estimating current values; and</li> <li>• extent to which the valuations are reliant on complete and accurate source data on individual assets being provided to the valuer.</li> </ul> <p>The significant risk of material misstatement is further increased due to the additional estimation uncertainty arising from the Covid-19 pandemic.</p>	<p><b>How we addressed the key audit matter</b></p> <p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• obtaining an understanding of the skills, experience and qualifications of the valuer;</li> <li>• obtaining an updated understanding of the basis of valuation applied by the valuer in the year. This included, for a sample of valuations, understanding and assessing the methodology applied to estimate the gross replacement cost of the Trust’s operational land and buildings on a modern equivalent asset basis;</li> <li>• sample testing the completeness and accuracy of underlying data provided by the trust and used by the valuer as part of their valuation;</li> <li>• using relevant market and cost data to assess the reasonableness of the valuation as at 31 March 2020. In doing so, we utilised information provided by an auditor’s expert to assess the effect of the material valuation uncertainty disclosed by the valuer and the Trust in the financial statements.</li> </ul> <p><b>Observations and conclusions</b></p> <p>Whilst drawing attention to Note 1.20 in the financial statements, where the Trust has highlighted the material valuation uncertainty raised by its valuation expert caused by the impact of Covid-19 and its decision not to apply the changes to land and buildings value in the financial statements, we obtained sufficient appropriate evidence to conclude that the valuation of land, buildings and dwellings included in the financial statements is reasonable.</p>

Revenue Recognition (Trust )	How we addressed the key audit matter
<p><i>The Trust recognised £761.555 million Income from Patient Care Activities and £95.577million of Other Operating Income in the Statement of Comprehensive Income for the year ending 31 March 2020. The Trust's primary source of revenue is through contracts with NHS England and Clinical Commissioning Groups. Notes 3 and 4 of the financial statements provides further information on the nature and source of the Group and Trust's revenue</i></p> <p>ISA (UK) 240 includes a rebuttable presumption that there is a risk of fraud in relation to revenue recognition.</p> <p>We have not rebutted the presumed risk on revenue recognition due to the pressure to manage income to deliver forecast performance in a challenging financial environment increases the risk of fraudulent financial reporting. Therefore there is a perceived incentive to recognise revenue before it has been earned. We consider the specific risk in relation to revenue recognition to be in the recognition of revenue from Patient Care Activities and related receivables at the year end.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• testing a sample of revenue from patient care activities by agreeing the transactions to appropriate source documentation and obtaining assurance that each item was appropriately recorded in the financial year and at the correct value;</li> <li>• testing a sample of year-end receivables by agreeing the transactions to appropriate source documentation and obtaining assurance that each item was appropriately recognised;</li> <li>• considering information provided by the Department of Health and Social Care in respect of year-end intra-NHS revenue transactions. We identified any significant differences between the Trust's position and that of the counterparty and obtained assurance that the Trust's position was supported by appropriate evidence; and</li> <li>• testing a sample of invoices raised either side of the year-end to obtain assurance that the associated revenue was accounted for in the correct financial year.</li> </ul> <p><b>Observations and conclusions</b></p> <p>We obtained sufficient appropriate evidence to conclude that revenue recognised in the financial statements is reasonable.</p>

### Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures, and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as follows:

	Trust	Group
Overall materiality	£17.8m	£17.87m
Basis for determining materiality	2% of gross operating expenditure	
Rationale for benchmark applied	Gross operating expenditure is a key measure of financial performance for the users of the financial statements.	
Performance materiality	£10.6m	£10.72m
Reporting threshold	£0.3m	£0.5m

The range of financial statement materiality across components, audited to the lower of local statutory audit materiality and materiality capped for Group audit purposes, was between £1.68m and £17.8m. In all cases, component materiality did not exceed our overall materiality for Group audit purposes.

## **An overview of the scope of our audit**

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at where the Accounting Officer made subjective judgements such as making assumptions on significant accounting estimates.

We gained an understanding of the legal and regulatory framework applicable to the Trust and the Group and the sector in which they operate. We considered the risk of acts by the Trust and Group which were contrary to the applicable laws and regulations including fraud. We designed our audit procedures to respond to those identified risks, including non-compliance with laws and regulations (irregularities) that are material to the financial statements.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the National Health Service Act 2006.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the Trust's and the Group's accounting processes, controls and their environments, and considered qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items. There were no changes to the scope of the current year audit from the scope in the prior year.

Our tests included, but were not limited to:

- obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by irregularities including fraud or error;
- review of minutes of board meetings in the year;
- discussions with the Trust's internal auditor; and
- enquiries of management.

As a result of our procedures, we did not identify any key audit matters relating to irregularities, including fraud (other than the key audit matter on revenue recognition outlined above). The risks of material misstatement, including due to fraud, that had the greatest effect on our audit, including the allocation of resources and effort, are discussed under 'Key audit matters' within this report.

Our group audit scope included an audit of the Trust and Group financial statements. Based on our risk assessment, only University Hospitals of Derby and Burton NHS Foundation Trust within the Group was subject to full scope audit which was performed by the Group audit team. Full-scope audit procedures were undertaken on Group components that account for 99% of the Group's net assets, revenues and expenses.

At the Group level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

## **Other information**

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

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

We are also required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

We have nothing to report in these regards.

**Responsibilities of the Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Accounting Officer is required to comply with the Department of Health and Social Care Group Accounting Manual and prepare the financial statements on a going concern basis, unless the Trust is informed of the intention for dissolution without transfer of services or function to another entity. The Accounting Officer is responsible for assessing each year whether or not it is appropriate for the Trust and Group to prepare financial statements on the going concern basis and disclosing, as applicable, matters related to going concern.

**Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Opinion on other matters prescribed by the Code of Audit Practice**

In our opinion:

- the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2019/20; and
- the other information published together with the audited financial statements in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

**Annual Governance Statement**

We are required to report to you if, in our opinion:

- the Annual Governance Statement does not comply with the NHS Foundation Trust Annual Reporting Manual 2019/20; or
- the Annual Governance Statement is misleading or is not consistent with our knowledge of the Trust and Group and other information of which we are aware from our audit of the financial statements.

We have nothing to report in respect of these matters.

**Reports to the regulator and in the public interest**

We are required to report to you if:

- we refer a matter to the regulator under Schedule 10(6) of the National Health Service Act 2006 because we have a reason to believe that the Trust, or a Director or officer of the Trust, is about to make, or has made, a decision

We have nothing to report in respect of these matters.

involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency; or

- we issue a report in the public interest under Schedule 10(3) of the National Health Service Act 2006.

## **The Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources**

### **Matter on which we are required to report by exception**

We are required to report to you if, in our opinion, we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

### **Adverse conclusion**

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in April 2020, we are not satisfied that, in all significant respects, University Hospitals Derby and Burton Foundation Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

### **Basis for adverse conclusion**

In considering the Trust's arrangements for properly informed decision making and for securing sustainable resource deployment, we identified the following matters:

- In October 2019, NHS Improvement raised concerns about the Trust's operational performance in relation to sustained performance against the 62 Day Cancer treatment target. NHS Improvement then issued Enforcement Undertakings relating to the Trust's operational performance on the 62 day Cancer referral performance and on its financial performance.
- In May 2020, the Trust Board received an Integrated Performance Report that showed the Trust's 2019/20 performance for Cancer Referrals on both 62 day Screening and 62 Day Standard being below target and show a deterioration from the prior year.
- The Trust submitted their 2019/20 financial plan with a control total deficit of £25.4m which, after Provider Sustainability Funding (PSF) and other support, would have led to a year end surplus of £2.9m. At the end of the financial year, the Trust's operating deficit was £65.5million: being a significant variance to the Financial Plan, albeit an improvement from the previous financial year performance of £84.5million deficit.
- As at 31 March 2020, NHS Improvement Enforcement Undertakings remain in place.

These matters are evidence of significant weaknesses in the Trust's arrangements for:

- Understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management including where relevant, business cases supporting significant investment decisions;
- Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions; and
- Planning, organising and developing the workforce effectively to deliver strategic priorities.

### **Responsibilities of the Accounting Officer**

The Chief Executive as Accounting Officer is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the Trust's use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

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

We are required by Schedule 10(1) of the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary.

## **Use of the audit report**

This report is made solely to the Council of Governors of University Hospitals of Derby and Burton NHS Foundation Trust as a body in accordance with Schedule 10(4) of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of the Trust as a body for our audit work, for this report, or for the opinions we have formed.

## **Certificate**

We certify that we have completed the audit of University Hospitals of Derby and Burton NHS Foundation Trust and University Hospitals of Derby and Burton NHS Foundation Trust Group in accordance with the requirements of chapter 5 of part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

*Mark Surridge*

Mark Surridge, Key Audit Partner For  
and on behalf of Mazars LLP

45 Church Street  
Birmingham  
B3 2RT

5 August 2020

## Annual Financial Statements Main Statements

### Statement of Comprehensive Income for the year ended 31 March 2020

The Statement of Comprehensive Income is a financial report detailing the main sources of income and expenditure during the financial year. The Group Financial Statements information includes the consolidation of Derby and Burton Hospitals Charity and the D-Hive Limited Group Financial Statements along with the Trust Financial Statements.

	Note	Trust Accounts		Group Accounts	
		2019-20 £m	2018-19 Restated £m	2019-20 £m	2018-19 Restated £m
Income from Patient Care Activities	3	761.555	652.132	761.555	652.132
Other Operating Income	4	95.577	71.510	98.960	73.964
Operating Expenses	5 & 6	(890.781)	(776.104)	(895.425)	(778.508)
Operating Surplus / (Deficit)		(33.649)	(52.462)	(34.910)	(52.412)
Finance Income	7	0.190	0.153	0.564	0.498
Finance Expense	8	(18.604)	(18.130)	(18.403)	(17.982)
Unwinding of Discount	24	(0.152)	(0.081)	(0.152)	(0.081)
Other Gains/(Losses)	35	(0.014)	(0.320)	(1.103)	(0.190)
Gains from transfers by absorption	37	0.000	51.308	0.000	51.308
Corporation Tax Expense		0.000	0.000	(0.158)	0.000
Surplus/(Deficit) on Continuing Operations		(52.229)	(19.532)	(54.162)	(18.859)
Gain or (loss) on Fair Value of Investments		0.000	0.000	0.000	0.000
Retained Surplus/(Deficit)		(52.229)	(19.532)	(54.162)	(18.859)
Impairment	16	(0.689)	(2.383)	(0.689)	(2.383)
Revaluation Gain/(Loss) on PPE	16	0.000	23.743	0.000	23.743
Other Reserve Movements		(0.001)	0.000	(0.288)	2.193
Total Comprehensive Income /(Expense)		(52.919)	1.828	(55.139)	4.694

The Statement of Comprehensive Income has been restated due to a prior period adjustment. For further details please see Note 38 to the accounts.

## Statement of Financial Position as at 31 March 2020

	Note	Trust Accounts		
		31/03/2020 £m	31/03/2019 Restated £m	01/04/2018 Restated £m
Intangible Assets	18	6.091	7.588	3.022
Property, Plant and Equipment	17	546.396	529.420	394.405
Other Non-Current Investments	19	28.125	15.625	1.087
Non-Current Receivables	21	7.642	5.883	10.766
<b>Total Non-Current Assets</b>		<b>588.254</b>	<b>558.516</b>	<b>409.280</b>
Inventories	20	13.499	12.102	6.574
Current Receivables	21	52.797	50.771	32.024
Cash and Cash Equivalents	27	38.226	4.273	15.583
<b>Total Current Assets</b>		<b>104.522</b>	<b>67.146</b>	<b>54.181</b>
Trade and Other Payables	22	(109.909)	(96.008)	(49.155)
Current Borrowings	23	(336.204)	(84.867)	(56.309)
Current Provisions	24	(6.587)	(3.372)	(0.753)
Other Current Liabilities	26	(9.381)	(9.664)	(6.714)
<b>Total Current Liabilities</b>		<b>(462.081)</b>	<b>(193.911)</b>	<b>(112.931)</b>
<b>Assets Less Current Liabilities</b>		<b>230.695</b>	<b>431.751</b>	<b>350.530</b>
Non-Current Borrowings	23	(275.817)	(434.116)	(369.968)
Non-Current Provisions	24	(6.658)	(4.112)	(3.326)
<b>Total Non-Current Liabilities</b>		<b>(282.475)</b>	<b>(438.228)</b>	<b>(373.294)</b>
<b>Net Assets/(Liabilities)</b>		<b>(51.780)</b>	<b>(6.477)</b>	<b>(22.764)</b>
<b>Financed by</b>				
Public Dividend Capital	SOCITE	242.833	235.220	169.453
Income and Expenditure Reserve		(387.748)	(337.944)	(234.533)
Revaluation Reserve		93.135	96.247	42.316
Subsidiary Reserves		0.000	0.000	0.000
Charitable Fund Reserves		0.000	0.000	0.000
<b>Total Reserves</b>		<b>(51.780)</b>	<b>(6.477)</b>	<b>(22.764)</b>



	Note	Group Accounts		
		31/03/2020	31/03/2019	01/04/2018
		£m	Restated £m	Restated £m
Intangible Assets	18	6.087	7.584	3.022
Property, Plant and Equipment	17	569.894	539.394	394.185
Other Non-Current Investments	19	7.905	8.962	7.762
Non-Current Receivables	21	7.642	5.883	10.766
<b>Total Non-Current Assets</b>		<b>591.528</b>	<b>561.823</b>	<b>415.735</b>
Inventories	20	14.844	12.102	6.574
Current Receivables	21	52.410	50.837	31.339
Cash and Cash Equivalents	27	44.083	9.003	16.649
<b>Total Current Assets</b>		<b>111.337</b>	<b>71.942</b>	<b>54.562</b>
Trade and Other Payables	22	(115.726)	(99.934)	(57.158)
Current Borrowings	23	(335.989)	(84.936)	(48.584)
Current Provisions	24	(6.587)	(1.944)	(0.753)
Other Current Liabilities	26	(9.383)	(9.715)	(6.714)
<b>Total Current Liabilities</b>		<b>(467.685)</b>	<b>(196.529)</b>	<b>(113.209)</b>
<b>Assets Less Current Liabilities</b>		<b>235.180</b>	<b>437.236</b>	<b>357.088</b>
Non-Current Borrowings	23	(271.650)	(428.724)	(368.517)
Non-Current Provisions	24	(6.658)	(4.112)	(3.326)
<b>Total Non-Current Liabilities</b>		<b>(278.308)</b>	<b>(432.836)</b>	<b>(371.843)</b>
<b>Net Assets/(Liabilities)</b>		<b>(43.128)</b>	<b>4.400</b>	<b>(14.755)</b>
<b>Financed by</b>				
Public Dividend Capital		242.833	235.220	169.453
Income and Expenditure Reserve		(388.147)	(336.457)	(234.512)
Revaluation Reserve		93.134	96.247	42.315
Subsidiary Reserves		(0.156)	(0.156)	(0.156)
Charitable Fund Reserves		9.208	9.546	8.145
<b>Total Reserves</b>		<b>(43.128)</b>	<b>4.400</b>	<b>(14.755)</b>



Gavin Boyle  
Chief Executive

30 July 2020

The Statement of Financial Position for both Trust and Group has been restated due to a prior period adjustment. For further details please see note 38 to the accounts.

2017-18 comparatives are for Derbyshire Teaching Hospitals NHS Foundation Trust prior to merger with Burton Hospitals NHS Foundation Trust, which formed the University Hospitals of Derby and Burton NHS Foundation Trust on 1 July 2018.

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

	Trust Accounts			
	Total Reserves	PDC Reserve	I&E Reserve	Revaluation Reserve
	£m	£m	£m	£m
Balance as at 1 April 2018	(73.062)	169.453	(270.991)	28.476
Prior period adjustment	50.299	0.000	36.458	13.841
Revised Balance as at 1 April 2018	(22.763)	169.453	(234.533)	42.317
Annual Surplus / (Deficit)	(19.532)	0.000	(19.532)	0.000
Transfers by Absorption	0.000	51.308	(85.069)	33.761
Additional PDC	14.459	14.459	0.000	0.000
Revaluation of PPE	21.360	0.000	0.000	21.360
Transfers between Reserves	0.000	0.000	1.191	(1.191)
Other Movements	(0.001)	0.000	(0.001)	0.000
Balance at 1 April 2019 as restated*	(6.477)	235.220	(337.944)	96.247
Annual Surplus / (Deficit)	(52.229)	0.000	(52.229)	0.000
Additional PDC	7.613	7.613	0.000	0.000
Revaluation of PPE	0.000	0.000	0.000	0.000
Net Impairments	(0.689)	0.000	(0.056)	(0.633)
Transfers between Reserves	0.000	0.000	2.480	(2.480)
Other Movement	0.002	0.000	0.001	0.001
Balance as at 31 March 2020	(51.780)	242.833	(387.748)	93.135

	Group Accounts					
	Total Reserves	PDC Reserve	Trust I&E Reserve	Revaluation Reserve	D-Hive P&L Reserve	Charity I&E Reserve
	£m	£m	£m	£m	£m	£m
Balance as at 1 April 2018	(65.054)	169.453	(270.971)	28.475	(0.156)	8.145
Prior period adjustment	50.299	0.000	36.458	13.841	0.000	0.000
Revised Balance as at 1 April 2018	(14.755)	169.453	(234.513)	42.316	(0.156)	8.145
Annual Surplus / (Deficit)	(18.858)	0.000	(17.966)	0.000	0.000	(0.892)
Transfers by Absorption	0.000	51.308	(85.069)	33.761	0.000	0.000
Net Revaluation/Impairments	21.361	0.000	0.000	21.361	0.000	0.000
Additional PDC	14.459	14.459	0.000	0.000	0.000	0.000
Transfers between Reserves	0.000	0.000	1.191	(1.191)	0.000	0.000
Other Movements	2.193	0.000	(0.100)	0.000	0.000	2.293
Balance at 1 April 2019 as restated*	4.400	235.220	(336.457)	96.247	(0.156)	9.546
Annual Surplus / (Deficit)	(54.162)	0.000	(52.824)	0.000	0.000	(1.338)
Transfers by Absorption	0.000	0.000	0.000	0.000	0.000	0.000
Transfers between Reserves	0.000	0.000	2.480	(2.480)	0.000	0.000
Additional PDC	7.613	7.613	0.000	0.000	0.000	0.000
Revaluation of PPE	0.000	0.000	0.000	0.000	0.000	0.000
Net Impairments	(0.690)	0.000	(0.057)	(0.633)	0.000	0.000
Charitable Fund Consolidation	0.000	0.000	(1.000)	0.000	0.000	1.000
Other Movement	(0.289)	0.000	(0.289)	0.000	0.000	0.000
Balance as at 31 March 2020	(43.128)	242.833	(388.147)	93.134	(0.156)	9.208

The Statement of Changes in Taxpayers' Equity for both Trust and Group has been restated due to a prior period adjustment. For further details please see note 38 to the accounts.

## 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 under certain circumstances.

### **Income and expenditure reserve**

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

### **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.

### **Other reserves**

The subsidiary consolidation reserve represents the Trusts subsidiary companies and consolidation adjustments to present a Group total reserves position.

### **Charitable Funds Reserve**

This reserve comprises the ring-fenced funds held by the NHS charitable funds consolidated within these financial statements. These reserves are classified as restricted or unrestricted; a breakdown is provided in note 34. Statement of Cashflows for the year ended 31 March 2020

## Statement of Cashflows for the year ended 31 March 2020

	Trust Accounts		Group Accounts	
	2019-20	2018-19 restated	2019-20	2018-19 restated
	£m	£m	£m	£m
<b>Operating Surplus / (Deficit)</b>	(33.649)	(52.462)	(34.910)	(52.412)
<b>Non-cash or non-operating income and expense:</b>				
Depreciation and amortisation	18.590	16.257	18.604	16.176
Impairment and Reversals	0.384	4.796	0.709	4.796
(Gain)/Loss on Disposal	0.000	0.000	0.000	0.000
Income recognised in respect of capital donations (cash and non-cash)	(0.746)	(0.152)	(0.746)	(0.350)
(Increase)/decrease in receivables	(6.674)	1.816	(5.902)	1.563
(Increase)/decrease in inventories	(1.397)	(1.158)	(2.733)	(1.158)
Increase/(decrease) in trade and other payables	5.717	12.069	7.658	10.672
Increase/(decrease) in other liabilities	(0.283)	2.814	(0.332)	2.866
Increase/(decrease) in provisions	5.761	1.694	7.037	0.230
Other movements in operating cash flows	0.030	(0.127)	(0.043)	0.069
<b>Net cash generated from / (used in) operations</b>	<b>(12.267)</b>	<b>(14.453)</b>	<b>(10.658)</b>	<b>(17.548)</b>
<b>Cash flows from investing activities</b>				
Interest received	0.190	0.153	0.200	0.160
Purchase of intangible assets	(0.713)	(0.735)	(0.713)	(0.573)
Purchase of property, plant and equipment and investment property	(21.757)	(22.179)	(35.916)	(31.111)
Proceeds from sales of property, plant and equipment and investment property	0.013	0.022	0.013	0.023
Prepayment of PFI capital contributions (cash payments)	(0.886)	0.000	(0.886)	0.000
(Purchase)/Proceeds of/from investments	(12.500)	(14.539)	0.490	1.359
<b>Net cash generated from/(used in) investing activities</b>	<b>(35.653)</b>	<b>(37.278)</b>	<b>(36.812)</b>	<b>(30.142)</b>
<b>Cash flows from financing activities</b>				
Public dividend capital received	7.613	14.459	7.613	14.459
Movement in loans from the Department of Health and Social Care	104.319	48.106	104.319	48.106
Capital element of finance lease rental payments	(1.163)	(0.223)	(1.291)	(0.223)
Capital element of PFI, LIFT and other service concession payments	(10.358)	(8.469)	(9.752)	(8.176)
PDC Dividend	(0.210)	0.000	(0.210)	0.000
Interest Paid	(18.328)	(17.322)	(18.129)	(17.990)
<b>Net cash generated from/(used in) financing activities</b>	<b>81.873</b>	<b>36.551</b>	<b>82.550</b>	<b>36.176</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>33.953</b>	<b>(15.180)</b>	<b>35.080</b>	<b>(11.514)</b>
Cash and cash equivalents at 1 April - brought forward	4.273	15.583	9.003	16.647
Cash and cash equivalents transferred by absorption	0.000	3.870	0.000	3.870
<b>Cash and cash equivalents at 31 March</b>	<b>38.226</b>	<b>4.273</b>	<b>44.083</b>	<b>9.003</b>

The Statement of Cash Flows for both Trust and Group has been restated due to a prior period adjustment. For further details please see note 38 to the accounts.

## Notes to the Financial Statements

### 1. Accounting Policies

All Foundation Trusts are required to produce financial statements on an International Financial Reporting Standards (IFRS) basis as applied in the Department of Health and Social Care (DHSC) Group Accounting Manual (GAM) for 2019-20. Where the GAM does not cover an event or circumstance, the Trust is required to revert back to the IFRS to produce its own accounting policy.

The accounting policies which follow have been applied consistently by the Trust when preparing the Annual Report and Financial Statements for the financial year.

The Trust applies the Going Concern convention which assumes that the Trust will continue to operate in its current form for the foreseeable future. Going Concern is presented in more detail in note 1.20 to the accounts.

The Trust has applied the historical cost convention modified by the revaluation of Property, Plant and Equipment.

#### 1.1 Consolidation

##### Subsidiaries

Entities over which The Trust has the power to exercise control are classified as subsidiaries and are consolidated. The Trust has control when it has the ability to affect the variable returns from the other entity through its power to direct relevant activities. The income, expenses, assets, liabilities, equity and reserves of the subsidiary are consolidated in full into the appropriate financial statement lines.

The subsidiary financial statements have been produced using the FRS 102 accounting standard (UK GAAP). The financial statements of the group have been consolidated based on an IFRS compliant basis. Intragroup transactions have been eliminated.

Investments in subsidiaries are shown at cost in the Trust as a standalone entity's accounts.

##### Joint Ventures

Material Joint Ventures have been accounted for by consolidating the Trust's share of the transactions, assets, liabilities, equity and reserves on an IFRS compliant basis. Any intragroup transactions have been eliminated.

##### Joint Operations

The Trust includes within its Financial Statements its share of the activities, assets and liabilities relating to activities carried out with other entities.

##### Charitable Funds

Where the Trust has control of a subsidiary charity as defined in IFRS10, that charity is treated as a group entity and consolidated. The consolidation is for reporting purposes only and does not affect the Charity's legal and regulatory independence and day to day operations.

During consolidation the Charity Financial Statements which have been produced under the charities SORP are aligned to ensure compliance with IFRS and intra group transactions are eliminated.

## 1.2 Income

Income is accounted for under IFRS 15. The main source of income for the Group is contracts with commissioners in respect of healthcare services.

Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

Revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation.

At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where a patient care spell is incomplete at the year end, revenue relating to the partially complete spell is accrued to the extent of the activity completed in year.

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

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.

Revenue in respect of other services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation.

Where income is received for a specific performance obligation that is to be satisfied in the following year, that income is deferred. Payment terms are standard reflecting cross government principles.

The value of the benefit received when the Trust accesses funds from the Government's apprenticeship service are recognised as income in accordance with IAS 20, Accounting for Government Grants. Where these funds are paid directly to an accredited training provider, non-cash income and corresponding non-cash training expense are recognised, both equal to the cost of the training funded.

## 1.3 Expenditure on Employee Benefits

### Short-term Employee Benefits

Salaries, wages and employment related payments 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. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions

website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period. Any UHDB employees not eligible for the NHS pensions scheme and any staff employed by the subsidiary companies who are not part of the NHS pension scheme are auto enrolled into the Government's NEST defined contribution pension scheme.

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

#### **a) Accounting valuation**

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020 is based on valuation data as at 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office. No scheme liabilities are shown with the Trust accounts.

#### **b) Full actuarial (funding) valuation**

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

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

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

### **1.4 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.

As an NHS Foundation Trust, the Trust has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

## 1.5 Property, Plant and Equipment and Intangible Assets

### 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; and
- 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 a cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.

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

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

### Intangible Assets

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the Trust 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; where the cost of the asset can be measured reliably; and where the cost is at least £5,000.

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

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

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



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

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

### **Determining Current Value**

For Land, Building and Dwellings, as a minimum, a professional valuation by a RICS qualified surveyor is sought at least every 5 years. In the years with no full valuation, relevant indices are applied. Assets which are held for their service potential and are in use (i.e. operational assets used to deliver either front line services or back office functions) will be measured at their current value in existing use.

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. Current value in existing use will be determined using a Depreciated Replacement Cost (DRC), this will normally be on the basis of a modern equivalent asset.

For non-specialised property assets in operational use, current value in existing is interpreted as market value for existing use which is defined in the RICS Red Book as Existing Use Value (EUV).

In determining whether such an asset which is not in use is surplus, management will assess whether there is a clear plan to bring the asset back into future use as an operational asset. Where there is a clear plan, the asset is not surplus and the current value in existing use will be maintained. Otherwise, the asset will be assessed as being surplus and valued at fair value.

Assets which are not held for their service potential will be valued in accordance with IFRS 5 or IAS 40 depending on whether the asset is actively held for sale.

Where an asset is not being used to deliver services and there is no plan to bring it back into use, with no restrictions on sale, and it does not meet the IAS 40 and IFRS 5 criteria, these assets are surplus and will be valued at fair value using IFRS 13.

### **Revaluation**

When applying a valuation to the Trust Property Plant and Equipment assets, the Trust will reverse all previous depreciation charged to the asset. Individual components of the asset shall be valued separately and impairments, revaluation losses and revaluation gains applied to each individual component.

### **Indexation**

In the years with no formal valuation, the Trust will estimate the current value of its Property Plant and Equipment using an indexation. The index used shall be the Office of National Statistics, Interim Construction Output Price Indices (OPIs) or the most appropriate available at that time.

The indices shall be applied to the last formal valuation for the estates, in order to determine the present value of that valuation.

Accumulated depreciation shall not be reversed when applying the indexation valuation.

Individual components of the asset shall be valued separately and impairments, revaluation losses and revaluation gains applied to each individual component.

### **Impairments**

Impairments that are due to a loss of economic benefits or 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:

- The impairment charged to operating expenses;
- The balance in the Revaluation Reserve attributable to that asset before the impairment.

An impairment arising from a loss of economic benefit or service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed.

### **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 income.

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'.

### **Subsequent Expenditure**

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is added to the asset's carrying value. Where subsequent expenditure is simply restoring the asset to the specification assumed by its economic useful life then the expenditure is charged to operating expenses.

### **Depreciation / Amortisation**

Assets are depreciated over their remaining useful economic lives on a straight line basis 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' ceases to be depreciated upon the reclassification.

Assets in the course of construction are not depreciated until the asset is brought into use.

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

### **Economic Life**

Unless there is specific evidence regarding individual asset circumstances, the lives attributed to Trust assets are:

- Buildings & Structures – between 5 years and 60 years
- Dwellings – 25 years
- Plant and Machinery – between 5 years and 10 years
- Transport Equipment – between 5 years and 10 years
- IT Equipment – up to 10 years
- Furniture and Fittings – up to 25 years

### **De-recognition**

Assets intended for disposals 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
- 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 dropped 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 and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount.

Assets are de-recognised when all material sale contract conditions have been met.

Assets which are to be scrapped or demolished do not qualify for recognition as 'held for sale' and instead are retained as operational assets and their economic lives are adjusted. The assets are de-recognised when scrapping or demolition occurs.

### **Donated assets**

Donated and grant funded assets are capitalised at their fair value on receipt. The donation/grant is credited to income within the Statement of Comprehensive income, unless the donor has imposed a condition to the donation/grant which has not been satisfied at that time. 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 capitalised assets.

## **1.6 PFI and other Service Concession Arrangements**

Service concessions which meet the criteria for IFRIC12 are accounted for as 'on-Statement of Financial Position' by the Trust.

The underlying assets are recognised as Property, Plant and Equipment at their fair value. An equivalent financial liability is recognised in accordance with IAS 17.

The annual contract payments are apportioned between the repayment of the liability, a finance cost, contributions to lifecycle replacement and the charges for services. The finance cost is calculated using the implicit interest rate for the scheme.

The service charge is recognised in operating expenses and the finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The contribution to lifecycle is treated as a prepayment, amounts being released as equipment is replaced during the contract period.

## 1.7 Government Grants

Government grants are grants from Government bodies which are not for the ordinary provision of services.

Government grants are taken to the Statement of Comprehensive Income when all the conditions attached to the grant are met.

## 1.8 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on either a first in first out or weighted average basis. The basis of determining cost is applied consistently across types of asset, depending on the most appropriate circumstance for that asset type.

## 1.9 Financial Assets and Financial Liabilities

### Recognition

#### Financial Assets

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

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

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

#### Financial assets at amortised cost

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

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

**Financial assets at fair value through other comprehensive income**

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

**Financial assets at fair value through profit and loss**

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or fair value through other comprehensive income. This includes derivatives and financial assets acquired principally for the purpose of selling in the short term. The Group has designated the following financial assets as measured at fair value through profit or loss in accordance with IFRS 9 paragraph 4.1.5:

Financial assets relating to Derby and Burton Hospital's Charity are investments treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in calculating the Group's surplus or deficit for the year. The net gain or loss incorporates any interest earned on the financial asset. Fair value is determined by the market value of the shares at the balance sheet date.

**Impairment**

For all financial assets measured at amortised cost or at fair value through other comprehensive income (except equity instruments designated at fair value through other comprehensive income), lease receivables and contract assets, the Trust recognises a loss allowance as appropriate, representing expected credit losses on the financial instrument.

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

HM Treasury has ruled that central government bodies may not recognise stage 1 or stage 2 impairments against other government departments, their executive agencies, the Bank of England, Exchequer Funds, and Exchequer Funds' assets where repayment is ensured by primary legislation. The 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.

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

**Financial liabilities**

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

### **Financial liabilities at fair value through profit and loss**

Derivatives that are liabilities are subsequently measured at fair value through profit or loss, Embedded derivatives that are not part of a hybrid contract containing a host that is an asset within the scope of IFRS 9 are separately accounted for as derivatives only if their economic characteristics and risks are not closely related to those of their host contracts, a separate instrument with the same terms would meet the definition of a derivative, and the hybrid contract is not itself measured at fair value through profit or loss.

### **Other financial liabilities**

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

## **1.10 Leases**

### **Finance Leases**

Where substantially all risks and rewards of ownership of a leased asset are borne by the Group, 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 inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires.

The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to finance costs in the Statement of Comprehensive Income.

### **Operating Leases**

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

### **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. Leased land is treated as an operating lease.

### **Trust as Lessor Leases**

Revenue earned from renting out the asset is accordingly recognised as lease rental receivable income in the statement of comprehensive income.

## **1.11 Provisions**

The Group provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure 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 the most appropriate rate for that type of provision.

### 1.12 Clinical Negligence Costs

NHS Resolution (formerly NHS Litigation Authority - NHSLA) operates a risk pooling scheme under which the NHS foundation trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS foundation trust.

The premium and the excess on cases are accounted for as advised by NHS Resolution.

The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed in the notes to the Financial Statements, but it is not recognised in the Trust's Financial Statements.

The cost of the contribution the Trust makes each year to the scheme is recognised in the SOCI.

### 1.13 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 the NHS Resolution and in return receives assistance with the costs of claims arising.

The annual membership contributions and any 'excesses' payable in respect of particular claims are charged to operating expenses when the liability arises.

### 1.14 Contingent Assets and Liabilities

Contingent assets are disclosed in the notes to the Financial Statements where an inflow of economic benefits is probable.

Contingent liabilities are disclosed in the notes to the Financial Statements, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

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

### 1.15 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. HM Treasury has determined that PDC is not a financial instrument.

A charge, reflecting the cost of capital utilised by the NHS Foundation 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:

- Donated assets; or
- Net cash balances held with the Government Banking Service (GBS), excluding any cash balances held in GBS accounts that relate to a short term working capital facility.

The dividend calculation is based on the unaudited Financial Statements.

### 1.16 Value Added Tax

Most of the activities of the Group 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 non current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

### 1.17 Third Party Assets

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

### 1.18 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 and details recorded in the Losses and Special Payments Register. They exclude any provisions for future losses.

### 1.19 Transfers of Functions to/from Other NHS Bodies/Local Government Bodies

For functions that have been transferred to the Trust from another NHS/Local Government Body, the assets and liabilities transferred are recognised in the Financial Statements as at the date of transfer.

The assets and liabilities are not adjusted to fair value prior to recognition. The net gain/loss corresponding to the net assets/liabilities transferred is recognised within income/expenses, but not within operating activities.

For Property, Plant and Equipment assets and intangible assets, the Cost and Accumulated Depreciation/Amortisation balances from the transferring entity's Financial Statements are preserved on recognition in the Trust's Financial Statements. Where the transferring body recognised revaluation reserve balances attributable to the assets, the Trust makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain transparency within public sector Financial Statements.

For functions that the Trust has transferred to another NHS/local government body, the assets and liabilities transferred are de-recognised from the Financial Statements as at the date of transfer. The net loss/gain corresponding to the net assets/liabilities transferred is recognised within expenses/income, but not within operating activities. Any revaluation reserve balances



attributable to assets de-recognised are transferred to the income and expenditure reserve. Adjustments to align the acquired function to the Foundation Trust's accounting policies are applied after initial recognition and are adjusted directly in taxpayers' equity.

## 1.20 Critical Accounting Judgements and Estimates

In preparing Financial Statements, management is required to make estimates and assumptions that affect the amounts of assets, liabilities, revenue and expenses reported in the Financial Statements. The actual amounts and results could differ from those estimates. The following are considered to be the key accounting judgements and estimates made.

### Basis of Accounting – Going Concern

IAS 1 requires management to assess, as part of the Financial Statements preparation process, the NHS Foundation Trust's ability to continue as a Going Concern.

The Department of Health and Social Care Group Accounting Manual (DHSC GAM) notes that in applying paragraphs 25 to 26 of IAS 1, preparers of financial statements should have regard to the following interpretations of Going Concern for the public sector context.

#### DHSC GAM (excerpt)

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

*4.13. Sponsored entities whose Statements of Financial Position show total net liabilities must prepare their financial statements on the Going Concern basis unless, after discussion with their sponsor division or relevant national body, the Going Concern basis is deemed inappropriate.*

*4.14. Where an entity ceases to exist, it must consider whether or not its services will continue to be provided (using the same assets, by another public sector entity) in determining whether to use the concept of Going Concern in its final set of financial statements.*

*4.15. Where a DHSC group body is aware of material uncertainties in respect of events or conditions that cast significant doubt upon the Going Concern ability of the entity, these uncertainties must be disclosed. This may include for example where continuing operational stability depends on finance or income that has not yet been approved.*

*4.16. Should a DHSC group body have concerns about its "Going Concern" status (and this will only be the case if there is a prospect of services ceasing altogether) it must raise the issue with its sponsor division or relevant national body as soon as possible.*

Assessment of the Trust's position under the Financial Reporting Guidelines (FrEM and DHSC GAM), issued for the interpretation of paragraphs 25 to 46 of IAS 1, for the public sector context has been undertaken. In particular, paragraph's 25 and 26 of this standard which refer to the assessment of the Going Concern basis. It is the Trust's view under this guidance, that these Financial Statements can be prepared on a Going Concern basis.

The Trust has prepared its financial plans and cash flow forecasts on the continuing assumption that any funding required to meet obligations in excess of commissioner funding or other revenues generated by the Trust, will be received through the Department of Health and Social Care either via PDC or Loan support funding, as has been experienced in previous years.

These funds, will be issued under the cash support regime and are expected to be sufficient to prevent the Trust from failing to meet its obligations as they fall due and to continue until adequate plans are in place to achieve financial sustainability for the Trust. It should be noted however that the Trust is subject to enforcement action with its regulator, Monitor (operating as NHS Improvement) and that there is a material uncertainty which may cast significant doubt on going concern relating to the ongoing receipt of funding from the DHSC, as revenue cash support must be approved on a monthly basis and capital funding approved by the submission of a detailed capital support application.

The Trust has an in year deficit of £54.162m (excluding its Charity), revenue support loan balance of £274.569 and Capital loan balances of £51.703m.

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. The affected loans totalling £326.273m are classified as current liabilities within these financial statements. As the repayment of these loans will be funded through the issue of PDC, this does not present a going concern risk for the Trust

The current economic environment for all NHS and NHS Foundation Trusts is challenging with the unprecedented challenge of COVID19, but also on-going internal efficiency, combined with commissioner (CCG) expectations of activity and therefore income reductions, achievement of control totals and performance trajectories, and the continuing scarcity of funding for capital developments. The Trust will continue to address these challenges in order to maintain the safe and effective delivery of its operations.

### **PFI Accounting Treatment**

The Royal Derby Hospital was built and financed through a PFI contract. The contract requires the PFI operator to provide a wide range of facilities management services until the contract end in 2043. Part of the unitary payment for the PFI scheme is uplifted on an annual basis by the Retail Price Index (RPI), with the remainder uplifted by a fixed 2.5%. The Trust has accounted for the fixed increase as operating expenditure on the basis that management are confident that the inflator is only applicable to the service charge element of the unitary payment. Management have based this view on the discussions at the time with the funders which were incorporated in the original business case.

If the fixed inflator was applied to the capital and interest elements of the scheme. This would have the impact of increasing the scheme's implicit interest rate; an increase in the level of interest payable; a reduction in the level of debt repayable in the early years of the contract, but an increase in the later years; an improvement in the Trust's earnings before interest, depreciation, tax and amortisation; and a decrease in the Trust's net surplus/increase in the Trust's net deficit. Further information on the cost of the PFI scheme is provided in note 11.

### **Provision for Employer and Public Liability Claims**

The provision has been calculated based upon information received from NHS Resolution which handles claims on behalf of the Trust. The calculation is based upon the amount of the claim

received plus any expected legal costs. This is adjusted to reflect the NHS Resolution view of the likelihood of the claim succeeding.

### **Provision for Permanent Injury Benefits and Early Retirements due to Ill Health**

The provision has been calculated based upon information received from NHS Pensions. The calculation is based upon future payments for each recipient based upon their life expectancy, calculated using life tables provided by the Government Actuaries Department (GAD), discounted at a rate of minus 0.5% (was 0.29% 2018-19) to reflect the timing of future payments.

### **Valuation of Property, Plant and Equipment**

The Trust building assets held by Derby Teaching Hospitals NHS Foundation Trust prior to the merger on 1 July 2018 were revalued by a RICS qualified valuer from Avison Young Ltd on 31 March 2015. Avison Young Ltd carried out a desktop revaluation exercise to update these asset values as at 31 March 2019. A desktop valuation is an exercise whereby the Trust provides an updated information to the valuer on capital additions since the last valuation and any significant changes to the use of the land and buildings. The Valuer does not carry out full site inspections for this type of revaluation.

The building assets transferred from Burton Hospitals NHS Foundation Trust (BHFT) were revalued by Avison Young Ltd on 31 March 2018. Avison Young Ltd carried out a desktop revaluation exercise as at 31 March 2019.

Prior to merger BHFT carried out a revaluation exercise as at 1 April 2017 using the "Single Site Modern Equivalent Asset Alternative Site" basis. This assumes the assets would be replaced with a modern equivalent, i.e. not a building of identical design but with the same service potential as existing assets. This was done in conjunction with BHFT's professional valuers, Avison Young Ltd. The impact of this was to reduce the value of Land and Buildings as at 1st April 2017 by £18.56 million. A further valuation was carried out at 31 March 2018 using the same basis to ensure a true and fair view was reflected. This increased the value of net assets by £2.3 million. No valuation was undertaken at 30th June 2018 and therefore assets transferred to the merged Trust at their 31 March 2018 value.

As at 31 March 2020 the Trust received an updated full valuation from Avison Young Ltd. The valuation exercise was carried out in January and February 2020, with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the Valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19.

Avison Young Ltd in their report emphasises that higher degree of caution should be attached to their valuation than would normally be the case, given the unknown future impact that COVID-19 might have on the property market.

The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the Valuer having declared this material valuation uncertainty, the Valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

On review of the valuation exercise impact on the value of land and properties, the Trust has found the movements in value to be immaterial and therefore has not applied any changes to land and property value in its accounts for 2019/2020, with the exception of the impairment of any building which the Trust has vacated and intends to demolish.

## 2. Segmental Analysis

The Trust's Activity is organised into four clinical Divisions, each of which provide healthcare services and one corporate segment. The tables which follow analyse the operational Income and Expenditure of the Trust.

The 2019-2020 analysis is:

	Cancer, Diagnostic and Clinical Support £m	Medicine £m	Surgery £m	Women & Children's £m	Trust Wide Services £m	Trust Total £m	Group £m	Group Total £m
Income From Activities	96.083	266.335	211.939	105.440	81.758	<b>761.555</b>	0.000	<b>761.555</b>
Other Operating Income	12.193	4.394	3.244	4.691	71.055	<b>95.577</b>	3.383	<b>98.960</b>
<b>Total Income</b>	<b>108.276</b>	<b>270.729</b>	<b>215.183</b>	<b>110.131</b>	<b>152.813</b>	<b>857.132</b>	<b>3.383</b>	<b>860.515</b>
Employee Costs	(107.095)	(163.889)	(144.164)	(64.407)	(101.387)	<b>(580.942)</b>	(1.701)	<b>(582.643)</b>
Drugs (including Gases)	(9.185)	(10.269)	(7.799)	(2.269)	(57.127)	<b>(86.649)</b>	0.000	<b>(86.649)</b>
Other Supplies and Services	(38.573)	(16.473)	(35.723)	(4.322)	(128.099)	<b>(223.190)</b>	(2.943)	<b>(226.133)</b>
<b>Total Expenditure</b>	<b>(154.853)</b>	<b>(190.631)</b>	<b>(187.686)</b>	<b>(70.998)</b>	<b>(286.613)</b>	<b>(890.781)</b>	<b>(4.644)</b>	<b>(895.425)</b>
<b>Operating Surplus/ (Deficit)</b>	<b>(46.577)</b>	<b>80.098</b>	<b>27.497</b>	<b>39.133</b>	<b>(133.800)</b>	<b>(33.649)</b>	<b>(1.261)</b>	<b>(34.910)</b>

The restated 2018-2019 analysis is:

	Cancer, Diagnostic and Clinical Support £m	Medicine £m	Surgery £m	Women & Children's £m	Trust Wide Services £m	Trust Total £m	Group £m	Group Total £m
Income From Activities	93.945	225.617	201.175	100.970	30.425	<b>652.132</b>	0.000	<b>652.132</b>
Other Operating Income	8.856	5.375	3.440	4.593	49.246	<b>71.510</b>	2.454	<b>73.964</b>
<b>Total Income</b>	<b>102.801</b>	<b>230.992</b>	<b>204.615</b>	<b>105.563</b>	<b>79.671</b>	<b>723.642</b>	<b>2.454</b>	<b>726.096</b>
Employee Costs	(98.899)	(150.093)	(135.891)	(61.485)	(41.925)	<b>(488.293)</b>	(0.611)	<b>(488.904)</b>
Drugs (including Gases)	(15.912)	(8.094)	(6.701)	(1.742)	(44.757)	<b>(77.206)</b>	0.000	<b>(77.206)</b>
Other Supplies and Services	(31.534)	(17.665)	(33.930)	(4.456)	(123.020)	<b>(210.605)</b>	(1.793)	<b>(212.398)</b>
<b>Total Expenditure</b>	<b>(146.346)</b>	<b>(175.852)</b>	<b>(176.522)</b>	<b>(67.683)</b>	<b>(209.702)</b>	<b>(776.104)</b>	<b>(2.404)</b>	<b>(778.508)</b>
<b>Operating Surplus/(Deficit)</b>	<b>(43.545)</b>	<b>55.140</b>	<b>28.093</b>	<b>37.880</b>	<b>(130.031)</b>	<b>(52.462)</b>	<b>0.050</b>	<b>(52.412)</b>

Further details relating to the prior period adjustment can be found in Note 38 to the Accounts.

Valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

On review of the valuation exercise impact on the value of the land and properties, the Trust has found the movement in value to be immaterial and therefore not applied any changes to land and property value in its accounts for 2019/2020, with the exception of the impairment of any building which the Trust has vacated and intends to demolish.

### 3. Income from Patient Care Activities

The Trust has received £762m income from its patient care activities (£652m in 2018-19) as shown in the Statement of Comprehensive Income. This income has been analysed into types of activity as per the table. Other types of activity income includes tariff adjustments and non tariff elements of block contracts.

Of the total income from activities, £755m (£646m 2018-19) is commissioner requested services and £7m (£6m 2018-19) is non-commissioner requested services. Commissioner requested income is defined as NHS clinical income from CCGs, NHS England and other NHS organisations. In 2019-20 the estimated cost of additional employer's NHS Pensions contributions was £22.3 million. These costs were met directly by NHS England but trusts were required by Department of Health and Social Care accounting instructions to recognise a cost in the Operating Expenses for 2019 and an equivalent level of NHS income.

	Trust Accounts	
	2019-2020 £m	2018-2019 £m
Elective Income	124.761	118.900
Non Elective Income	225.333	184.604
Outpatient Income	127.414	105.095
A & E Income	38.402	29.486
Funding of Additional Pension Costs**	22.324	0.000
Other Types of Income *	216.528	207.717
<b>NHS Income Total</b>	<b>754.762</b>	<b>645.802</b>
Private Patient Income	5.151	4.228
Overseas Patients	0.183	0.197
Injury Cost Recovery	1.459	1.905
<b>External Income Total</b>	<b>6.793</b>	<b>6.330</b>
<b>Income from Activities</b>	<b>761.555</b>	<b>652.132</b>

\* Other Types of NHS Income includes maternity pathway income, non-tariff income and other income.

\*\*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 (NHSE) on providers' behalf. The full cost and related funding have been recognised in these accounts as required by NHSI/NHSE.

#### Income from Activities by Source

An alternative way of reviewing the Income from Activities is by the source rather than the type of the income. Sarah, on page 125 the NHS England and CCGs

\* Includes £22.324m of income from NHS England to fund additional pension costs

	Trust Accounts	
	2019-2020 £m	2018-2019 £m
NHS England and CCGs*	744.908	607.556
Income from Trusts	9.851	7.501
Other Income	0.003	30.745
<b>NHS Income Total</b>	<b>754.762</b>	<b>645.802</b>
Private Patient Income	5.151	4.228
Overseas Patients	0.183	0.197
Injury Cost Recovery	1.459	1.905
<b>External Income Total</b>	<b>6.793</b>	<b>6.330</b>
<b>Income from Activities</b>	<b>761.555</b>	<b>652.132</b>

#### 4. Other Operating Income

Other Operating Income as reported in the Statement of Comprehensive Income has been analysed as per the following table. Those amounts include the following items;

- Donation income is money received from Derby and Burton Hospitals Charity and other local charities including the League of Friends charities towards the cost of capital expenditure.
- Patient and Visitor Car Parking Income equates to 5.9% (6.9% 2018-19) of Other Operating Income.
- PSF Funding (Provider Sustainability Fund) relates to a national scheme from NHSI which rewards NHS bodies for achievement of financial and non-financial targets throughout the year.
- Education funding mainly relates to funding received to train undergraduate medical students and postgraduate medical staff and a contribution to the salary costs of postgraduate medical staff in training.

Trust Income	2019-2020 £m	2018-2019 £m
Research and Development	2.141	1.834
Education	32.181	30.767
Provider Sustainability Fund (PSF)	15.598	5.338
Donations	0.746	0.350
Staff Accommodation Rental	0.242	0.363
Car Parking Income	5.822	5.087
Catering	1.323	0.981
Pharmacy Sales	2.462	1.993
Property Rental ( not lease Income)	0.350	0.244
Clinical Excellence Awards	0.907	0.867
Staff contribution to employee benefit schemes	0.000	0.423
Other general income*	33.805	23.263
<b>Other Operating Income Trust Total</b>	<b>95.577</b>	<b>71.510</b>
Charity income	2.547	2.261
Other Group income	0.836	0.193
<b>Other Operating Income Group Total</b>	<b>98.960</b>	<b>73.964</b>

\*The largest element, £8.538m of other general income is the provision of staffing, facilities and other support services to other NHS bodies

#### 5. Employee Expenses

The employee expenditure detailed in the Segmental Analysis tables in note 2 include the following costs shown in table 1. Further employee cost details can be found in the Remuneration Report which is included in the Annual Report. Employee costs are broken down in more detail in table 2, showing an analysis by staff type.

Employee Expenses table 1

	Trust		Group	
	2019-2020 £m	2018-2019 £m	2019-2020 £m	2018-2019 £m
Salaries and wages	422.627	364.800	424.220	363.571
Social security costs	40.766	35.679	40.874	36.580
Apprenticeship Levy	2.077	1.844	2.077	1.847
Pension Costs - met by the Trust	50.252	44.995	50.252	45.931
Pension Costs - met by NHS England	22.324	0.000	22.324	0.000
External Bank staff	32.026	29.050	32.026	29.050
Agency staff	16.096	15.349	16.096	15.349
<b>Total Gross Staff Costs</b>	<b>586.168</b>	<b>491.717</b>	<b>587.869</b>	<b>492.328</b>
Recovery from DHSC Group Bodies in respect of staff working elsewhere	(3.865)	(3.424)	(3.865)	(3.424)
<b>Total Staff Costs</b>	<b>582.303</b>	<b>488.293</b>	<b>584.004</b>	<b>488.904</b>
Less Capitalised staff costs	(1.361)	0.000	(1.361)	0.000
<b>Total Staff Costs charged to SOCI</b>	<b>580.942</b>	<b>488.293</b>	<b>582.643</b>	<b>488.904</b>

Employee Expenses table 2

	Group 2019-2020 £m	2018-2019 £m
Register nursing, midwifery and health visiting	146.717	128.515
Healthcare scientists and scientific, therapeutic and technical staff	77.767	53.075
Support to clinical staff	43.776	53.762
Medical and dental staff	161.243	133.907
Non clinical staff	84.856	77.178
Charity Staff	0.973	0.881
Subsidiary staff	0.729	0.611
<b>Total Substantive Staff</b>	<b>516.061</b>	<b>447.929</b>
Register nursing, midwifery and health visiting	15.051	12.411
Healthcare scientists and scientific, therapeutic and technical staff	1.263	0.903
Support to clinical staff	8.716	7.463
Medical and dental staff	5.139	5.944
Non clinical staff	1.858	2.329
<b>Total Bank Staff</b>	<b>32.026</b>	<b>29.05</b>
Register nursing, midwifery and health visiting	3.361	2.638
Healthcare scientists and scientific, therapeutic and technical staff	2.384	2.254
Support to clinical staff	0.039	0.430
Medical and dental staff	10.015	9.906
Non clinical staff	0.297	0.121
<b>Total Agency Staff</b>	<b>16.099</b>	<b>15.349</b>
Pension Costs - met by NHS England	22.324	0.000
Less recoveries in respect of staff costs netted off expenditure	(3.865)	(3.424)
<b>Total Employee Costs</b>	<b>582.643</b>	<b>488.904</b>

Substantive staff are permanently employed staff, bank and agency are temporary. The 2019-20 costs exclude the additional pension charges met by NHS England.

## Average number of people employed

	Group Accounts	
	2019-2020 WTE	2018-2019 WTE
Medical and dental	1,409	1,214
Ambulance Staff	2	7
Administration and estates	2,457	2,245
Healthcare assistants and other support staff	2,895	2,718
Nursing, midwifery and health visiting staff	3,483	3,159
Nursing, midwifery and health visiting learners	2	5
Scientific, therapeutic and technical staff	1,127	1,046
Healthcare Science Staff	299	279
Subsidiaries	7	11
<b>Total Staff Employed</b>	<b>11,681</b>	<b>10,684</b>

## 6. Operating Expenses

A breakdown of non-pay costs is shown in the below table.

	Group Accounts	
	2019-2020 £m	2018-2019 as restated £m
Drug Costs	86.459	77.206
Supplies and services – clinical (excluding drugs costs)	67.530	57.304
Supplies and services - general	32.914	24.366
Healthcare Services	0.037	0.450
Inventories write down	0.190	0.185
Premises Costs	23.623	29.556
Transport Costs	2.368	2.202
Depreciation*	16.382	14.722
Other Capital Charges	2.222	1.535
Provisions	5.347	6.300
Audit Services provided by external auditor**	0.091	0.126
Quality Accounts review provided by external auditor	0.000	0.012
Audit of Charity provided by external auditor	0.000	0.000
Other Audit Services	0.140	0.293
Legal Services & Clinical Negligence	22.590	18.595
Education and Research	4.560	3.353
PFI Costs	43.767	43.452
Charitable Fund Costs	2.187	2.740
Impairment	0.709	4.715
Other Costs	1.666	2.492
<b>Other Operating Expenditure</b>	<b>312.782</b>	<b>289.604</b>

\*The prior year comparative for depreciation has been restated. Please refer to Note 38 for further information relating to the prior period adjustment.

\*\*These costs are the costs to the trust and therefore include VAT; the disclosure in note 9 is the remunerations received by the auditor and therefore excludes VAT.



## 7. Finance Income

Finance Income relates to earnings on the Group's cash assets including interest earned on the Trust and subsidiary bank balances and dividends received on the Charity's investments.

	Trust Accounts		Group Accounts	
	2019-2020 £m	2018-2019 £m	2019-2020 £m	2018-2019 £m
Bank Interest	0.190	0.153	0.200	0.160
Investment Dividends	0.000	0.000	0.364	0.338
<b>Total</b>	<b>0.190</b>	<b>0.153</b>	<b>0.564</b>	<b>0.498</b>

## 8. Finance Expense

Finance Costs relate to the payments the Group makes in relation to liabilities, for example this includes the interest payable on loans, and lease contracts

	Trust Accounts		Group Accounts	
	2019-2020 £m	2018-2019 £m	2019-2020 £m	2018-2019 £m
Interest on Loans	5.413	4.274	5.413	4.274
PFI Contract	12.504	12.812	12.504	12.812
Finance Lease	0.000	0.098	0.095	0.098
Other	0.000	0.148	0.000	0.000
MES Contract	0.687	0.798	0.392	0.798
<b>Total</b>	<b>18.604</b>	<b>18.130</b>	<b>18.403</b>	<b>17.982</b>

## 9. Auditors' Remuneration

### Audit Fees

Audit fees paid to trust external auditor Mazars LLP 2019-2020, (PricewaterhouseCoopers LLP 2018-2019).

	2019-2020 £m	2018-2019 £m
Statutory Audit	0.076	0.105
<b>Total</b>	<b>0.076</b>	<b>0.105</b>

D-Hive Ltd and subsidiary companies external audit fees total £18,750 for 2019-2020.

Derby and Burton Hospitals Charity external fees total £6,000 for 2019-2020.

Both of these entities are audited by Smith Cooper LLP.

### Auditors' Liability

The Trust approved the principal terms of engagement with its auditors Mazars LLP, covering the period of their engagement as auditors. The terms include no limitation on their liability to pay damages for losses arising as a direct result of breach of contract or negligence. (2018-19 £1m – PricewaterhouseCoopers LLP).

## 10. Operating Leases

### Trust as Lessee

The Trust holds a number of leases in respect of property, vehicles and equipment.

These have been classed as operating leases under IAS 17.

The Trust has incurred the following costs within its Operating Expenditure in relation to arrangements where the Trust is Lessee (the hirer):

	2019-2020 £m	2018-2019 £m
Minimum Lease Payments	2.129	1.994
Less sub lease income	(1.014)	(1.407)
<b>Total</b>	<b>1.115</b>	<b>0.587</b>

The Trust anticipates the following minimum payments will be due by the Trust in respect of those leases

	2019-2020 £m	2018-2019 £m
- not later than 1 year	1.262	1.279
- between 1 and 5 years	2.051	1.094
- later than 5 years	2.454	0.000
	<b>5.767</b>	<b>2.373</b>

### Trust and Group as Lessor

During the year the Trust owned and leased out the ground floor premises of block B of the London Road Community Hospital to Derbyshire Healthcare NHS FT.

The lease period is from January 2006 to January 2041 at an annual rent of £0.573m. This has been reported within other operating income.

The following table outlines the minimum income the Trust expects to receive in relation to these leases:

	2019-2020 £m	2018-2019 £m
- not later than 1 year	1.01	1.701
- between 1 and 5 years	2.46	3.197
- later than 5 years	8.452	9.645
	<b>11.922</b>	<b>14.543</b>

## 11. Finance Leases and Service Concession Arrangements

Finance Leases and Service Concession Arrangements relate to contracts which include the use and effective control of an asset, such that it is deemed to be an asset of the Trust. These arrangements also incur liabilities to the Trust in relation to the future payments due within the contract. The Trust has three contracts which are classified as on-balance sheet Service Concession Arrangements.

- PFI contract with Derby Health Care plc in relation to the Royal Derby Hospital building. The contract began in Sept 2003 and is set to run until September 2043.
- Managed Equipment Service contract with Althea UK and Ireland Limited (Althea) in relation to Medical Equipment. The contract began in April 2015 and is set to run until January 2025.
- Managed Equipment Service contract with D-Hive Limited. The contract began in April 2017 and includes equipment and Buildings contracted for a further 30 years.

The annual payments due to the service partner in respect of these contracts can be split in to three headings

- Capital repayment. This is similar to the loan amount on a mortgage. This is held in the Statement of Financial Position and is referred to as the net liability.
- Finance costs. This is similar to the interest paid on a mortgage and is expensed each year in the Statement of Comprehensive Income. It forms part of the gross liability.

- Service Charges are annual fees which relate to other costs such as repairs and maintenance. This is included within Operating Expenditure in the Statement of Comprehensive Income.

### Analysis of Amounts Payable to Service Concession Operator

Trust				
	PFI	D-Hive MES	Althea MES	Total
	£m	£m	£m	£m
<b>2019-20</b>				
Interest Charge	12.504	0.287	0.487	13.278
Principal Repayment	7.325	0.606	1.779	9.710
Service Charge	38.733	1.038	4.496	44.267
Lifecycle / Maintenance	0.886	0.498	0.538	1.922
<b>Total Payable</b>	<b>59.448</b>	<b>2.429</b>	<b>7.300</b>	<b>69.177</b>

Trust				
	PFI	D-Hive MES	Althea MES	Total
	£m	£m	£m	£m
Interest Charge	12.812	0.122	0.798	13.732
Principal Repayment	6.464	0.299	1.712	8.475
Service Charge	38.030	0.358	3.343	41.731
Lifecycle / Maintenance	0.888	0.150	2.079	3.117
<b>Total Payable</b>	<b>58.194</b>	<b>0.929</b>	<b>7.932</b>	<b>67.055</b>

Group			
	PFI	Althea MES	Total
	£m	£m	£m
<b>2019-20</b>			
Interest Charge	12.504	0.487	12.991
Principal Repayment	7.325	1.779	9.104
Service Charge	38.733	4.496	43.229
Lifecycle / Maintenance	0.886	0.538	1.424
<b>Total Payable</b>	<b>59.448</b>	<b>7.300</b>	<b>66.748</b>

Group			
	PFI	Althea MES	Total
	£m	£m	£m
<b>2018-19</b>			
Interest Charge	12.812	0.798	13.610
Principal Repayment	6.464	1.712	8.176
Service Charge	38.030	3.343	41.373
Lifecycle / Maintenance	0.888	2.079	2.967
<b>Total Payable</b>	<b>58.194</b>	<b>7.932</b>	<b>66.126</b>

## Royal Derby Hospital PFI Contract

The Trust's liability which it expects to repay until 2043 is made up as follows:

	31 March 2020 £m	31 March 2019 £m
- not later than 1 year	19.403	19.829
- between 1 and 5 years	79.002	78.548
- later than 5 years	339.146	359.003
<b>Gross PFI Liabilities</b>	<b>437.551</b>	<b>457.380</b>
Future Finance Costs	(169.383)	(181.888)
<b>Net PFI Liabilities</b>	<b>268.168</b>	<b>275.492</b>

The total future costs, this includes service costs, expected by the Trust are:

	2019-2020 £m	2018-2019 £m
- not later than 1 year	60.732	59.448
- between 1 and 5 years	256.376	250.935
- later than 5 years	1,534.116	1,600.289
<b>Gross Payments Due</b>	<b>1,851.224</b>	<b>1,910.672</b>
Future Finance Costs	(169.383)	(181.888)
<b>Net Present Value of Future Payments</b>	<b>1,681.841</b>	<b>1,728.784</b>

## Managed Equipment Service – Althea UK and Ireland Limited

The Trust entered into an agreement on 1 April 2015 with Asterol Ltd (now Althea UK and Ireland Limited) for the supply and maintenance of Medical Equipment. The contract is until January 2025. It has been determined that these assets are within the tests of IFRIC 12 thus requiring an on Statement of Financial Position accounting treatment.

- The total value of the assets and liabilities recognised within the year is £9.209m Future assets and liabilities within the contract have been disclosed within note 30:
- Contingent Assets and Liabilities. This represents the assets Althea are contractually obliged to provide to the Trust in future years.
- The liability shown in the following tables relates only to the assets which have been installed and the payments associated with those assets.

The Trust's gross liability which it expects to repay until 2025 in relation to installed assets only is made up as follows:

	31 March 2020 £m	31 March 2019 £m
- not later than 1 year	19.403	19.829
- between 1 and 5 years	79.002	78.548
- later than 5 years	339.146	359.003
<b>Gross PFI Liabilities</b>	<b>437.551</b>	<b>457.380</b>
Future Finance Costs	(169.383)	(181.888)
<b>Net PFI Liabilities</b>	<b>268.168</b>	<b>275.492</b>

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- The total value of the assets and liabilities recognised within the year is £9.209m Future assets and liabilities within the contract have been disclosed within note 30:
- Contingent Assets and Liabilities. This represents the assets Althea are contractually obliged to provide to the Trust in future years.
- The liability shown in the following tables relates only to the assets which have been installed and the payments associated with those assets.

The Trust's gross liability which it expects to repay until 2025 in relation to installed assets only is made up as follows:

	31 March 2020 £m	31 March 2019 £m
- not later than 1 year	2.210	3.396
- between 1 and 5 years	8.071	11.725
- later than 5 years	-	2.068
<b>Gross MES Liabilities</b>	<b>10.281</b>	<b>17.189</b>
Future Finance Costs	(1.072)	(3.119)
<b>Net MES Liabilities</b>	<b>9.209</b>	<b>14.070</b>

The net liability will be paid over the following years:

	2019-2020 £m	2018-2019 £m
- not later than 1 year	1.812	2.412
- between 1 and 5 years	7.397	9.648
- later than 5 years	-	2.010
<b>Net MES Liabilities</b>	<b>9.209</b>	<b>14.070</b>

The Trust expects that the following payments in relation to Service Charges will be incurred in future periods:

	2019-2020 £m	2018-2019 £m
- not later than 1 year	5.293	5.084
- between 1 and 5 years	19.575	20.382
- later than 5 years	-	4.509
<b>Total</b>	<b>24.870</b>	<b>29.975</b>

The total future payments expected by the Trust are:

	31 March 2020 £m	31 March 2019 £m
- not later than 1 year	7.503	7.701
- between 1 and 5 years	27.646	31.524
- later than 5 years	-	13.320
<b>Gross Payments Due</b>	<b>35.149</b>	<b>52.545</b>
Future Finance Costs	(1.072)	(3.119)
<b>Net Present Value of Future Payments</b>	<b>34.077</b>	<b>49.426</b>

## Managed Equipment Service – D-Hive Limited

The Trust entered into an agreement on 1 April 2017 with D-Hive Limited (the Trust's subsidiary company) for the supply and maintenance of both Medical and Non-Medical equipment and services. All transactions between the Trust and D-Hive were eliminated upon consolidation to the Group Financial Statements.

The total value of the assets and liabilities recognised within the year is £6.113m.

The liability shown in the following tables relates only to the assets which have been installed and the proportion of repayment associated with those assets.

The Trust's gross liability which it expects to repay, is made up as follows:

	2019-2020 £m	2018-2019 £m
- not later than 1 year	0.668	0.656
- between 1 and 5 years	2.345	2.452
- later than 5 years	6.231	6.785
<b>Gross MES Liabilities</b>	<b>9.244</b>	<b>9.893</b>
Future Finance Costs	(3.131)	(3.218)
<b>Net MES Liabilities</b>	<b>6.113</b>	<b>6.675</b>

The net liability will be paid over the following years:

	2019-2020 £m	2018-2019 £m
- not later than 1 year	0.394	0.405
- between 1 and 5 years	1.474	1.605
- later than 5 years	4.245	4.664
<b>Net MES Liabilities</b>	<b>6.113</b>	<b>6.674</b>

The Trust expects that the following payments in relation to Service Charges, will be incurred in future periods:

	2019-2020 £m	2018-2019 £m
- not later than 1 year	1.595	1.149
- between 1 and 5 years	6.131	4.557
- later than 5 years	20.562	21.066
<b>Total</b>	<b>28.288</b>	<b>26.772</b>

The total future payments expected by the Trust are:

	31 March 2020 £m	31 March 2019 £m
- not later than 1 year	2.263	1.720
- between 1 and 5 years	8.476	6.674
- later than 5 years	26.793	27.678
<b>Gross Payments Due</b>	<b>37.532</b>	<b>36.072</b>
Future Finance Costs	(3.131)	(3.218)
<b>Net Present Value of Future Payments</b>	<b>34.401</b>	<b>32.854</b>

## 12. Retirements Due to Ill-Health

During the year there were 3 retirements due to ill health (3 in 2018-19). This was at an additional cost of £0.045m (£0.174m in 2018-19). The cost of these ill health retirements will be borne by the NHS Business Services Authority, Pensions Division.

## 13. Pension Costs

### NHS Pension Scheme

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](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health 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 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

#### 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 Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date.

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 the Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

### National Employment Savings Trust (NEST) Pension

Where Trust employees are not eligible to join the NHS pension scheme they are auto-enrolled into the NEST pension scheme. The Trust is required to make an employer’s contribution of 3% of the employee’s salary to this scheme (2% in 2018/19); this year the Trust has contributed a total of £114,089 (2018-19 £70,664).

The NEST is a defined contribution occupational pension scheme backed by the government. It is run by a Trustee (NEST Corporation) on a not-for-profit basis. Contributions are made by both the employee and the Trust.

It was set up by the Government to give all employers access to an auto enrolment scheme, allowing them to comply with the Pensions Act 2008, which states that employers must provide their UK workers with access to a workplace pension scheme. Further information on the NEST pension scheme can be found at [www.nestpensions.org.uk](http://www.nestpensions.org.uk)

#### 14. Better Payment Practice Code

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

The Trust's standard payment terms are; Payment is made in the first week of the month following the month in which an invoice falls due. In practice this means an invoice dated between 1 and 30 March will fall due in the month of April. The invoice will be paid in the first week of May. This supplier payment policy results in the majority of undisputed invoices being paid within 35 – 65 days of invoice date. The Trust did not achieve 95 per cent compliance within 30 days in 2019/20 or 2018/19.

#### 15. Subsidiaries, Associates and Joint Arrangements

The Trust has one subsidiary company, D-Hive Limited. This company structure contains three further subsidiaries, Clinicians Connected Ltd, Derby Health Staffing Ltd, and Pride Pharmacy Ltd. The Trust also has one Charity, Derby and Burton Hospitals Charity, which is consolidated. Following additional investment the Pride Pharmacy outpatient pharmacy including a retail outlet opened during the year.

D-Hive Limited and its subsidiary companies produce accounts under United Kingdom Generally Accepted Accounting Practice.

Additionally at year end the Trust was a 50% partner in STRIDE LLP a Joint Venture partnership. The results to date are not material and therefore are excluded from the Group Financial Statements. Since year end D-Hive Ltd has purchased the other 50 % and so the group now controls this entity.

Investments in subsidiaries held by Trust

Trust	31 March 2020 £m	31 March 2019 £m
D Hive Ltd	28.125	15.625
<b>Investments Held Directly by Trust</b>	<b>28.125</b>	<b>15.625</b>

D-Hive Ltd	31 March 2020 £m	31 March 2019 £m
Clinicians Connected	0.0900	0.0900
Derby Health Staffing	0.0001	0.0001
Pride Pharmacy	1.5001	0.0001
<b>Investments Held by D-Hive Ltd</b>	<b>1.5902</b>	<b>0.0902</b>

#### D-Hive Limited

D-Hive Limited (company no. 06982953) was set up by the Trust in 2015-16 with the intention that it will be a trading entity and deliver a variety of profitable, commercially led opportunities



covering pharmacy, manufacturing and managed services to customers both within and outside of the health community. The Trust has invested £28.125m into D-Hive Limited; £12.5m of this total was invested during 2019-20.

D-Hive Limited is the sole shareholder of the following three subsidiary companies;

Clinicians Connected Ltd (company no.10250431) which began operating in 2016. The purpose of Clinicians Connected Ltd is to provide the health community with more cost effective access to overseas medical professionals, reducing the cost of recruitment.

Derby Health Staffing Ltd (company number 11425097) began operating in 2018. This company was established to provide clinical bank staff to the Trust to fulfil the Trust's flexible staffing requirements.

Pride Pharmacy Ltd (company number 11508893) was established in 2018. This company commenced trading in October 2019, and was established to provide a range of pharmacy related services, including a homecare medicines service, and operation of the main outpatient pharmacy at the Royal Derby Hospital site.

D-Hive Ltd and its group companies listed above are exempt from the requirements relating to the audit of Financial Statements under sections 479A-479C of the Companies Act 2006. However D-Hive Ltd has elected for an audit to be carried out on the 2019-2020 financial statements and those of its group companies. Smith Cooper LLP has been appointed to carry out these audits.

### **Derby and Burton Hospitals Charity**

The Charity (charity no. 1061812) aims to support the delivery of innovative, cost effective and value for money charitable funding, with a focus on ensuring that money is spent effectively to enhance patient care.

The objectives of the Charity as detailed on the Charity Commission website are:

- For any charitable purpose or purposes relating to the National Health Service wholly or mainly for the services provided by University Hospitals Derby and Burton NHS FT.
- The Charity's strategic aims over the five year period of 2016-17 to 2020-21 include reducing the level of reserves held by the Charity by increasing the level of support and expenditure given in achieving its public benefit purpose; to make lives better. The Charity spent £2.2m in the year.

### **16. Impairments and revaluations**

For year ended 31 March 2020 the Trust asked Avison Young Ltd to conduct a full revaluation exercise across all sites owned by University Hospitals of Derby and Burton NHS FT .

As referred to in note 1.20 critical accounting judgements and estimates, due to the immaterial nature of the change in land and building values, the Trust has chosen not to action any revaluations in 2019-2020, with the exception of impairments where it was appropriate to do so.

Asset	NBV Prior to revaluation £m	Revaluation adjustment				Closing NBV as at 31 March 20 £m
		Gain to I&E £m	Gain to Revaluation Reserve £m	Impairment to I&E £m	Impairment to Revaluation Reserve £m	
<b>Queens Hospital Burton</b>						
Land	5.563	0.000	0.000	0.000	0.000	5.563
Buildings	58.819	0.000	0.000	(0.196)	(0.223)	58.400
Dwellings	0.987	0.000	0.000	0.000	(0.466)	0.521
<b>Total</b>	<b>65.369</b>	<b>0.000</b>	<b>0.000</b>	<b>(0.196)</b>	<b>(0.689)</b>	<b>64.484</b>

For year ended 31 March 2019 the Trust asked Avison Young Ltd to conduct a desktop revaluation exercise across all sites owned by University Hospitals of Derby and Burton NHS FT. The impairment and revaluation changes to assets this financial year were as follows;

As restated.

Asset	NBV Prior to revaluation £m	Revaluation adjustment					Closing NBV as at 31 March 19 £m
		Gain to I&E £m	Revaluation Loss to Revaluation Reserve £m	Gain to Revaluation Reserve £m	Impairment to I&E £m	Impairment to Revaluation Reserve £m	
<b>Royal Derby Hospital</b>							
Land	14.140	-	-	2.758	-	-	16.898
Buildings	324.445	-	(0.043)	18.424	(2.910)	(0.866)	339.051
Dwellings	-	-	-	-	(0.081)	(0.116)	(0.197)
<b>London Road Community Hospital</b>							
Land	2.608	-	-	0.522	-	-	3.130
Buildings	19.395	-	-	1.178	-	(0.490)	20.083
Dwellings	-	-	-	-	-	-	-
<b>Queens Hospital Burton</b>							
Land	4.213	-	-	-	-	-	4.213
Buildings	55.895	-	-	0.537	(0.779)	(0.889)	54.764
Dwellings	1.722	-	-	0.018	(0.018)	(0.009)	1.713
<b>Samuel Johnson Hospital</b>							
Land	0.500	-	-	-	-	-	0.500
Buildings	10.960	-	-	0.181	-	-	11.141
Dwellings	-	-	-	-	-	-	-
<b>Sir Robert Peel Hospital</b>							
Land	0.500	-	-	-	-	-	0.500
Buildings	8.635	-	-	-	(1.007)	-	7.628
Dwellings	-	-	-	-	-	-	-
<b>Other</b>							
Other Land	1.726	-	-	-	-	-	1.726
Other Building	4.897	-	-	0.168	-	(0.013)	5.052
Dwellings	-	-	-	-	-	-	-
<b>Total</b>	<b>449.637</b>	<b>-</b>	<b>(0.043)</b>	<b>23.786</b>	<b>(4.795)</b>	<b>(2.383)</b>	<b>466.202</b>

## 17. Property Plant and Equipment

	31st March 2020 Trust								
	Land	Buildings & Structures	Dwellings	Assets under Construction	Plant & Machinery	Transport Equipment	IT Equipment	Furniture & Fittings	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Gross Book Value 1 April	26.967	437.721	1.516	22.906	86.091	0.546	19.167	4.250	599.164
Transfers by Absorption	-	-	-	-	-	-	-	-	-
Purchases	-	2.912	-	20.908	5.571	-	1.168	0.004	30.563
MES Additions	-	-	-	3.303	0.133	-	-	-	3.436
Grants & Donations	-	-	-	0.060	0.626	-	-	-	0.686
Impairments	-	(0.246)	(0.075)	-	(0.708)	-	-	-	(1.029)
Revaluation Loss	-	(0.441)	(0.410)	-	-	-	-	-	(0.851)
Revaluation Gain	-	-	-	-	-	-	-	-	-
Reclassifications	(0.001)	0.716	(0.001)	(1.700)	0.971	0.002	0.011	(0.011)	(0.013)
Disposals	-	-	-	-	(2.522)	(0.033)	-	-	(2.555)
Gross Book Value 31 March	26.966	440.662	1.030	45.477	90.162	0.515	20.346	4.243	629.401
Depreciation 1 April	-	(0.000)	(0.000)	-	52.679	0.477	13.202	3.386	69.744
Transfers by Absorption	-	-	-	-	-	-	-	-	-
Provided in year	-	6.609	0.066	-	7.410	0.023	1.879	0.381	16.368
Revaluations	-	(0.218)	(0.019)	-	(0.640)	-	-	-	(0.877)
Reclassifications	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(2.198)	(0.032)	-	-	(2.230)
Depreciation 31 March	-	6.391	0.047	-	57.251	0.468	15.081	3.767	83.005
Net Book Value 1 April	26.967	437.721	1.516	22.906	33.412	0.069	5.965	0.864	529.420
Movement in Year	(0.001)	(3.450)	(0.533)	22.571	(0.501)	(0.022)	(0.700)	(0.388)	16.976
Net Book Value 31 March	26.966	434.271	0.983	45.477	32.911	0.047	5.265	0.476	546.396
Made up of:									
Owned	26.966	106.208	0.983	42.098	19.013	0.038	5.093	0.316	200.715
Finance Leased	-	4.139	-	3.303	11.491	-	0.066	0.008	19.007
PFI / Managed Equipment Service	-	321.832	-	-	-	-	-	-	321.832
Donated & Granted	-	2.092	-	0.076	2.407	0.009	0.106	0.152	4.842
Net Book Value 31 March	26.966	434.271	0.983	45.477	32.911	0.047	5.265	0.476	546.396

	31st March 2019 Trust as restated*								
	Land	Buildings & Structures	Dwellings	Assets under Construction	Plant & Machinery	Transport Equipment	IT Equipment	Furniture & Fittings	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Gross Book Value 1 April	16.749	345.941	0.214	4.683	64.738	0.109	6.935	3.518	442.887
Transfers by Absorption	6.938	89.945	1.862	2.412	21.499	0.313	11.606	1.884	136.459
Purchases	-	1.127	-	18.933	2.248	-	0.532	0.008	22.848
MES Additions	-	5.140	-	-	4.020	-	-	-	9.160
Grants & Donations	-	-	-	0.023	0.092	-	0.037	-	0.152
Impairments	-	(18.076)	(0.369)	-	-	-	-	-	(18.445)
Reversal of impairment	-	-	-	-	-	-	-	-	-
Revaluation Loss	-	(2.559)	(0.125)	-	-	-	-	-	(2.684)
Revaluation Gain	3.280	14.196	(0.066)	-	-	-	-	-	17.410
Reclassifications	-	2.007	-	(3.145)	(0.692)	0.138	0.321	0.700	(0.671)
Disposals	-	-	-	-	(5.814)	(0.014)	(0.264)	(1.860)	(7.952)
Gross Book Value 31 March	26.967	437.721	1.516	22.906	86.091	0.546	19.167	4.250	599.164
Depreciation 1 April	-	5.972	0.012	-	36.504	0.084	3.196	2.714	48.482
Transfers by Absorption	-	8.761	0.286	-	14.981	0.255	8.822	1.625	34.730
Provided in year	-	5.199	0.055	-	7.580	0.022	1.473	0.403	14.732
Revaluations	-	(19.932)	(0.353)	-	-	-	-	-	(20.285)
Reclassifications	-	-	-	-	(0.872)	0.130	(0.025)	0.504	(0.263)
Disposals	-	-	-	-	(5.514)	(0.014)	(0.264)	(1.860)	(7.652)
Depreciation 31 March	-	(0.000)	(0.000)	-	52.679	0.477	13.202	3.386	69.744
Net Book Value 1 April	16.749	339.969	0.202	4.683	28.234	0.025	3.739	0.804	394.405
Movement in Year	10.218	97.752	1.314	18.223	5.178	0.044	2.226	0.060	135.015
Net Book Value 31 March	26.967	437.721	1.516	22.906	33.412	0.069	5.965	0.864	529.420
Made up of:									
Owned	26.967	100.888	1.516	22.881	16.028	0.056	5.751	0.598	174.685
Finance Leased	-	1.005	-	-	0.253	-	-	-	1.258
PFI / Managed Equipment Service	-	333.685	-	-	14.037	-	0.081	0.008	347.811
Donated & Granted	-	2.143	-	0.025	3.094	0.013	0.133	0.258	5.666
Net Book Value 31 March	26.967	437.721	1.516	22.906	33.412	0.069	5.965	0.864	529.420

	31st March 2020 Group								
	Land	Buildings & Structures	Dwellings	Assets under Construction	Plant & Machinery	Transport Equipment	IT Equipment	Furniture & Fittings	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Gross Book Value 1 April	26.967	437.618	1.516	33.488	85.614	0.546	19.176	4.255	609.180
Transfers by Absorption	-	-	-	-	-	-	-	-	-
Purchases	-	2.912	-	35.031	5.608	-	1.168	0.004	44.723
MES Additions	-	-	-	3.078	0.133	-	-	-	3.211
Grants & Donations	-	-	-	0.060	0.626	-	-	-	0.686
Impairments	-	0.095	(0.075)	(0.736)	(0.708)	-	-	-	(1.424)
Revaluation Loss	-	(0.441)	(0.410)	-	-	-	-	-	(0.851)
Revaluation Gain	-	-	-	-	0.971	-	-	-	0.971
Reclassifications	(0.001)	0.716	(0.001)	(1.700)	-	-	0.011	(0.011)	(0.986)
Disposals	-	-	-	-	(2.522)	(0.033)	-	-	(2.555)
Gross Book Value 31 March	26.966	440.900	1.030	69.221	89.722	0.513	20.355	4.248	652.955
Depreciation 1 April	-	0.001	(0.000)	-	52.717	0.476	13.204	3.385	69.783
Transfers by Absorption	-	-	-	-	-	-	-	-	-
Provided in year	-	6.609	0.066	-	7.427	0.023	1.879	0.381	16.385
Revaluations	-	(0.218)	(0.019)	-	(0.640)	-	-	-	(0.877)
Reclassifications	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(2.198)	(0.032)	-	-	(2.230)
Depreciation 31 March	-	6.392	0.047	-	57.306	0.467	15.083	3.766	83.061
Net Book Value 1 April	26.967	437.617	1.516	33.488	32.897	0.070	5.972	0.870	539.397
Movement in Year	(0.001)	(3.109)	(0.533)	35.733	(0.481)	(0.024)	(0.700)	(0.388)	30.497
Net Book Value 31 March	26.966	434.508	0.983	69.221	32.416	0.046	5.272	0.482	569.894
Made up of:									
Owned	26.966	109.856	0.983	64.690	19.839	0.037	5.125	0.330	227.826
Finance Leased	-	0.714	-	4.455	10.170	-	0.041	-	15.380
PFI / Managed Equipment Service	-	321.846	-	-	-	-	-	-	321.846
Donated & Granted	-	2.092	-	0.076	2.407	0.009	0.106	0.152	4.842
Net Book Value 31 March	26.966	434.508	0.983	69.221	32.416	0.046	5.272	0.482	569.894

	31st March 2019 Group as restated								
	Land	Buildings & Structures	Dwellings	Assets under Construction	Plant & Machinery	Transport Equipment	IT Equipment	Furniture & Fittings	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Gross Book Value 1 April	16.749	345.866	0.214	5.191	64.105	0.109	6.954	3.528	442.716
Transfers by Absorption	6.938	89.945	1.862	2.412	21.499	0.313	11.606	1.884	136.459
Purchases	-	5.935	-	28.145	2.172	-	0.522	-	36.774
MES Additions	-	-	-	1.379	4.020	-	-	-	5.399
Grants & Donations	-	-	-	0.023	0.261	-	0.037	-	0.321
Impairments	-	(18.076)	(0.369)	-	-	-	-	-	(18.445)
Revaluation Loss	-	(2.559)	(0.125)	-	-	-	-	-	(2.684)
Revaluation Gain	3.280	14.196	(0.066)	-	-	-	-	-	17.410
Reclassifications	-	2.308	-	(3.556)	(0.629)	0.138	0.321	0.704	(0.714)
Disposals	-	-	-	(0.106)	(5.814)	(0.014)	(0.264)	(1.861)	(8.059)
Gross Book Value 31 March	26.967	437.615	1.516	33.488	85.614	0.546	19.176	4.255	609.177
Depreciation 1 April	-	5.972	0.012	-	36.551	0.084	3.198	2.714	48.531
Transfers by Absorption	-	8.761	0.286	-	14.981	0.255	8.822	1.625	34.730
Provided in year	-	5.200	0.055	-	7.571	0.021	1.473	0.402	14.722
Revaluations	-	(19.932)	(0.353)	-	-	-	-	-	(20.285)
Reclassifications	-	-	-	-	(0.872)	0.130	(0.025)	0.504	(0.263)
Disposals	-	-	-	-	(5.514)	(0.014)	(0.264)	(1.860)	(7.652)
Depreciation 31 March	-	0.001	(0.000)	-	52.717	0.476	13.204	3.385	69.783
Net Book Value 1 April	16.749	339.894	0.202	5.191	27.554	0.025	3.756	0.814	394.185
Movement in Year	10.218	97.720	1.314	28.297	5.343	0.045	2.216	0.056	145.209
Net Book Value 31 March	26.967	437.614	1.516	33.488	32.897	0.070	5.972	0.870	539.394
Made up of:									
Owned	26.967	112.978	1.516	33.463	15.512	0.056	5.756	0.602	196.850
Finance Leased	-	1.005	-	-	0.254	-	-	-	1.259
PFI / Managed Equipment Service	-	323.420	-	-	14.037	-	0.082	0.009	337.548
Donated & Granted	-	0.211	-	0.025	3.094	0.014	0.134	0.259	3.737
Net Book Value 31 March	26.967	437.614	1.516	33.488	32.897	0.070	5.972	0.870	539.394

Both the Trust and Group property, plant and equipment (PPE) notes have been restated due to a prior period adjustment. Further details are shown in Note 38 to the accounts.

## 18. Intangible Assets

Intangible assets relate to assets which bring long term benefit to the Trust, but are not physical in nature, such as, software licences for the Trusts computer systems.

Movement on the value of Intangible Assets during the year is as follows:

Trust	31 <sup>st</sup> March 2020				31 <sup>st</sup> March 2019			
	Software Licences £m	IT (internally generated and 3 <sup>rd</sup> party) £m	AUC £m	Total £m	Software Licences £m	IT (internally generated and 3 <sup>rd</sup> party) £m	AUC £m	Total £m
<b>Gross Value 1 April</b>	10.264	4.384	0.106	14.754	5.879	0.000	0.674	6.553
Additions purchased	0.681	0.000	0.032	0.713	0.568	0.000	0.006	0.574
Transfers by Absorption	0.000	0.000	0.000	0.000	2.711	4.384	0.000	7.095
Additions - Leased	0.000	0.000	0.000	0.000	0.200	0.000	0.000	0.200
Additions - Donated	0.000	0.000	0.000	0.000	0.029	0.000	0.000	0.029
Reclassifications	0.013	0.000	0.000	0.013	1.006	0.000	(0.574)	0.432
Disposals	0.000	0.000	0.000	0.000	(0.129)	0.000	0.000	(0.129)
<b>Gross Value 31 March</b>	10.958	4.384	0.138	15.480	10.264	4.384	0.106	14.754
<b>Amortisation 1 April</b>	6.327	0.839	0.000	7.166	3.527	0.000	0.000	3.527
Provided during the year	1.925	0.297	0.000	2.222	1.231	0.223	0.000	1.454
Transfers by Absorption	0.000	0.000	0.000	0.000	1.519	0.616	0.000	2.135
Reclassifications	0.000	0.000	0.000	0.000	0.179	0.000	0.000	0.179
Disposals	0.000	0.000	0.000	0.000	(0.129)	0.000	0.000	(0.129)
<b>Amortisation 31 March</b>	8.252	1.136	0.000	9.388	6.327	0.839	0.000	7.166
<b>Net Value 1 April</b>	3.937	3.545	0.106	7.588	2.352	0.000	0.674	3.026
Net Movement in Year	(1.231)	(0.297)	0.032	(1.497)	1.585	3.545	(0.568)	4.562
<b>Net Value 31 March</b>	2.706	3.248	0.138	6.091	3.937	3.545	0.106	7.588
<b>Made up of:</b>								
Purchased	2.706	3.248	0.138	6.091	3.937	3.545	0.106	7.588
Donated	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Net Value 31 March</b>	2.706	3.248	0.138	6.091	3.937	3.545	0.106	7.588

\*AUC - Assets under construction

Group	31 March 2020				3 <sup>1</sup> March 2019					
	Software Licences £m	IT (internally generated and party) £m	3 <sup>rd</sup>	AUC* £m	Total £m	Software Licences £m	IT (internally generated and party) £m	3 <sup>rd</sup>	AUC* £m	Total £m
Gross Value 1 April	10.342	4.384		0.107	14.833	5.873	0.000		0.675	6.548
Additions purchased	0.680	0.000		0.032	0.712	0.568	0.000		0.006	0.574
Transfers by Absorption	0.000	0.000		0.000	0.000	2.711	4.384		0.000	7.095
Additions - Leased	0.000	0.000		0.000	0.000	0.000	0.000		0.000	0.000
Additions - Donated	0.000	0.000		0.000	0.000	0.029	0.000		0.000	0.029
Reclassifications	0.013	0.000		0.000	0.013	1.290	0.000		(0.574)	0.716
Disposals	0.000	0.000		0.000	0.000	(0.129)	0.000		0.000	(0.129)
Gross Value 31 March	11.035	4.384		0.139	15.558	10.342	4.384		0.107	14.833
Amortisation 1 April	6.410	0.839		0.000	7.249	3.526	0.000		0.000	3.526
Provided during the year	1.925	0.297		0.000	2.222	1.231	0.223		0.000	1.454
Transfers by Absorption	0.000	0.000		0.000	0.000	1.519	0.616		0.000	2.135
Reclassifications	0.000	0.000		0.000	0.000	0.263	0.000		0.000	0.263
Disposals	0.000	0.000		0.000	0.000	(0.129)	0.000		0.000	(0.129)
Amortisation 31 March	8.335	1.136		0.000	9.471	6.410	0.839		0.000	7.249
Net Value 1 April	3.932	3.545		0.107	7.584	2.347	0.000		0.675	3.022
Net Movement in Year	(1.231)	(0.297)		0.032	(1.496)	1.585	3.545		(0.568)	4.562
Net Value 31 March	2.700	3.248		0.139	6.087	3.932	3.545		0.107	7.584
Made up of:										
Purchased	2.701	3.248		0.139	6.087	3.932	3.545		0.107	7.584
Donated	0.000	0.000		0.000	0.000	0.000	0.000		0.000	0.000
Net Value 31 March	2.701	3.248		0.139	6.087	3.932	3.545		0.107	7.584

\*AUC - Assets under construction

## 19. Other Non-Current Investments

	Trust		Group	
	2019-2020 £m	2018-2019 £m	2019-2020 £m	2018-2019 £m
Opening Balance	15.625	1.087	8.962	7.763
Transfer by Absorption	0.000	0.000	0.000	0.000
Investment in Subsidiary	12.500	14.538	0.000	0.000
Acquisitions in year	0.000	0.000	0.032	1.069
Movement in fair value through SOCI	0.000	0.000	(1.089)	0.130
Disposals	0.000	0.000	0.000	0.000
Closing Balance at 31 March	28.125	15.625	7.905	8.962

The investment held by the Trust is an equity investment in D-Hive Ltd a wholly owned subsidiary of the Trust. The Group's investments are external investments with Rathbones Brothers Plc held by the Derby and Burton Hospitals Charity.

## 20. Inventories

All of the Trust's inventories relate to the purchase of materials for the provision of healthcare. The Trust does not produce or hold inventories for the purpose of re-sale.

	Trust					UHDB Charity	Group	
	Drugs	Consumables	Work in Progress	Energy	Total		Subsidiaries	Total
Value at 1 April 2018	2.827	3.648	0.000	0.099	6.574	0.000	0.000	6.574
Additions	78.397	59.819	0.013	0.038	138.267	0.000	0.000	138.267
Transfer by Absorption	0.936	3.306	0.079	0.049	4.370	0.000	0.000	4.370
Inventories consumed	(77.079)	(59.845)	0.000	0.000	(136.924)	0.000	0.000	(136.924)
Write-downs	(0.099)	(0.086)	0.000	0.000	(0.185)	0.000	0.000	(0.185)
<b>Value 31 March 2019</b>	<b>4.982</b>	<b>6.842</b>	<b>0.092</b>	<b>0.186</b>	<b>12.102</b>	<b>0.000</b>	<b>0.000</b>	<b>12.102</b>
Additions	83.108	74.140	0.015	0.064	157.327	0.009	1.336	158.672
Inventories consumed	(83.109)	(72.550)	0.000	(0.081)	(155.740)	0.000	0.000	(155.740)
Write-downs	(0.131)	(0.059)	0.000	0.000	(0.190)	0.000	0.000	(0.190)
<b>Value 31 March 2020</b>	<b>4.850</b>	<b>8.373</b>	<b>0.107</b>	<b>0.169</b>	<b>13.499</b>	<b>0.009</b>	<b>1.336</b>	<b>14.844</b>

## 21. Trade and Other Receivables

Current Trade and Other Receivables are amounts owed which are receivable within twelve months.

	Current Trust		Group	
	2019-2020 £m	2018-2019 £m	2019-2020 £m	2018-2019 £m
Contract Receivables invoiced	35.480	38.722	34.439	38.849
Contract Receivables not yet invoiced	8.190	9.102	7.966	9.496
Allowance for Impaired Receivables	(2.149)	(13.301)	(2.149)	(13.301)
Capital Receivables	0.389	0.135	0.389	0.163
Prepayments non PFI	2.771	3.873	2.759	3.872
Prepayments PFI	1.216	3.714	1.247	3.714
VAT Receivable	5.401	4.714	6.196	4.727
Charitable Fund	0.000	0.000	0.042	0.019
Other Receivables	1.499	3.812	1.521	3.298
<b>Total Receivables</b>	<b>52.797</b>	<b>50.771</b>	<b>52.410</b>	<b>50.837</b>

Non-Current Trade and Other Receivables are amounts owed which are receivable after twelve months.

	Non-Current Trust		Group	
	2019-2020 £m	2018-2019 £m	2019-2020 £m	2018-2019 £m
Capital Receivables	0.000	0.000	0.000	0.000
Prepayments non PFI	0.000	0.000	0.000	0.000
Prepayments PFI	5.531	5.883	5.531	5.883
Other Receivables	2.111	0.000	2.111	0.000
<b>Total Receivables</b>	<b>7.642</b>	<b>5.883</b>	<b>7.642</b>	<b>5.883</b>

## Allowances for credit losses

IFRS 9 requires the recognition of impairments on an expected loss basis. The Department of Health and Social Care group accounting manual mandates the use of the simplified approach

to measure the loss allowance for expected lifetime credit losses for current contract assets and receivables. Expected losses are calculated on the probability of the loss occurring based on the type and age of the debt. The older the debt the higher the probability of credit loss.

Trust	Receivables £m
<b>Opening Balance as at 1 April 2019</b>	<b>13.301</b>
New allowances arising	0.550
Changes in Calculation	(0.327)
Reversals of allowances	(9.503)
Utilisation of allowance (write offs)	(1.872)
<b>Closing Balance at 31 March 2020</b>	<b>2.149</b>

## 22. Trade and Other Payables

Amounts owed which are payable within the next twelve months.

	Trust		Group	
	2019-2020 £m	2018-2019 £m	2019-2020 £m	2018-2019 £m
NHS Payables	6.382	9.711	6.382	9.711
Other Related Parties	0.000	0.025	0.000	1.944
Capital Trade Payables	19.010	10.825	19.010	10.825
Other Trade Payables	18.573	20.932	22.330	19.013
Accruals	41.401	33.651	43.064	35.500
Other Payables	12.045	8.528	12.336	8.708
<b>Amounts Owed</b>	<b>97.411</b>	<b>83.672</b>	<b>103.122</b>	<b>85.701</b>
Receipts in Advance	1.148	1.487	1.148	1.451
<b>Current Payables</b>	<b>98.559</b>	<b>85.159</b>	<b>104.270</b>	<b>87.152</b>
Tax Payable	11.350	10.849	11.456	12.782
<b>Total Payables</b>	<b>109.909</b>	<b>96.008</b>	<b>115.726</b>	<b>99.934</b>

Employers and Employees NHS pension contributions for the Group of £6.924m were outstanding at the reporting date (£7.907m 2018-19).

## 23. Borrowings

Current Liabilities in respect of loans and other borrowings are:

	Trust		Group	
	2019-2020 £m	2018-2019 £m	2019-2020 £m	2018-2019 £m
DHSC Capital	51.703	0.620	51.703	0.620
DHSC Support	274.569	72.942	274.569	72.942
Finance Lease	0.493	1.163	0.672	1.637
D-Hive MES	0.394	0.405	0.000	0.000
MES Liability	1.812	2.412	1.812	2.412
PFI Liability	7.233	7.325	7.233	7.325
<b>Total</b>	<b>336.204</b>	<b>84.867</b>	<b>335.989</b>	<b>84.936</b>



Non-Current Liabilities in respect of loans and other borrowings are:

	Trust		Group	
	2019-2020 £m	2018-2019 £m	2019-2020 £m	2018-2019 £m
DHSC Capital	0.000	13.396	0.000	13.396
DHSC Support	0.000	134.625	0.000	134.625
Finance Lease	1.766	0.000	3.318	0.878
D-Hive MES	5.739	6.270	0.000	0.000
MES Liability	7.377	11.658	7.397	11.658
PFI Liability	260.935	268.167	260.935	268.167
<b>Total</b>	<b>275.817</b>	<b>434.116</b>	<b>271.650</b>	<b>428.724</b>

## 24. Provisions

Provisions relate to liabilities that the Trust is probably going to be required to pay in the future. The liability will relate to circumstances which were in place at the balance sheet date, however either the amount the Trust will be required to pay, or when the Trust will be required to pay it, or both, are uncertain at this time.

Trust	2019-2020					2018-2019		
	Staff Pensions	Pensions - Injury Benefits	Legal Claims	Other Provisions	Total	Staff Pensions	Other Provisions	Total
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Liabilities at 1 April</b>	<b>0.796</b>	<b>3.606</b>	<b>0.146</b>	<b>2.936</b>	<b>7.484</b>	<b>0.756</b>	<b>3.323</b>	<b>4.079</b>
Transfer by absorption	0.000	0.000	0.000	0.000	0.000	0.000	1.420	1.420
Arising during the year	0.018	0.121	0.096	6.807	7.042	0.122	2.685	2.807
Utilised during the year	(0.082)	(0.211)	(0.070)	(1.058)	(1.421)	(0.081)	(0.264)	(0.345)
Change in discount rate	0.026	0.464	0.000	0.000	0.490	(0.006)	(0.291)	(0.297)
Reverse Unused	(0.023)	(0.027)	(0.024)	(0.428)	(0.502)	(0.019)	(0.242)	(0.261)
Unwinding of Discounts	0.039	0.113	0.000	0.000	0.152	0.024	0.057	0.081
<b>Liabilities at 31 March</b>	<b>0.774</b>	<b>4.066</b>	<b>0.148</b>	<b>8.257</b>	<b>13.245</b>	<b>0.796</b>	<b>6.688</b>	<b>7.484</b>

Expected timing of cashflows								
Not later than 1 year	0.082	0.211	0.148	6.146	6.587	0.082	3.290	3.372
<b>Current Liabilities</b>	<b>0.082</b>	<b>0.211</b>	<b>0.148</b>	<b>6.146</b>	<b>6.587</b>	<b>0.082</b>	<b>3.290</b>	<b>3.372</b>
Between 1 and 5 years	0.326	0.854	0.000	0.000	1.180	0.324	0.813	1.137
Later than 5 years	0.366	3.001	0.000	2.111	5.478	0.390	2.585	2.975
<b>Non-Current Liabilities</b>	<b>0.692</b>	<b>3.855</b>	<b>0.000</b>	<b>2.111</b>	<b>6.658</b>	<b>0.714</b>	<b>3.398</b>	<b>4.112</b>
<b>Total Provisions</b>	<b>0.774</b>	<b>4.066</b>	<b>0.148</b>	<b>8.257</b>	<b>13.245</b>	<b>0.796</b>	<b>6.688</b>	<b>7.484</b>

Group	2019-2020					2018-2019		
	Staff Pensions £m	Pensions - Injury Benefits £m	Legal Claims £m	Other Provisions £m	Total £m	Staff Pensions £m	Other Provisions £m	Total £m
<b>Liabilities at 1 April</b>	<b>0.796</b>	<b>3.606</b>	<b>0.146</b>	<b>1.508</b>	<b>6.056</b>	<b>0.756</b>	<b>3.323</b>	<b>4.079</b>
Transfer by absorption	0.000	0.000	0.000	0.000	0.000	0.000	1.420	1.420
Arising during the year	0.018	0.121	0.096	6.807	7.042	0.122	1.257	1.379
Utilised during the year	(0.082)	(0.211)	(0.070)	(0.058)	(0.421)	(0.081)	(0.264)	(0.345)
Change in discount rate	0.026	0.464	0.000	0.000	0.490	(0.006)	(0.291)	(0.297)
Reverse Unused	(0.023)	(0.027)	(0.024)	0.000	(0.074)	(0.019)	(0.242)	(0.261)
Unwinding of Discounts	0.039	0.113	0.000	0.000	0.152	0.024	0.057	0.081
<b>Liabilities at 31 March</b>	<b>0.774</b>	<b>4.066</b>	<b>0.148</b>	<b>8.257</b>	<b>13.245</b>	<b>0.796</b>	<b>5.260</b>	<b>6.056</b>

Expected timing of cashflows								
Not later than 1 year	0.082	0.211	0.148	6.146	6.587	0.082	1.862	1.944
<b>Current Liabilities</b>	<b>0.082</b>	<b>0.211</b>	<b>0.148</b>	<b>6.146</b>	<b>6.587</b>	<b>0.082</b>	<b>1.862</b>	<b>1.944</b>
Between 1 and 5 years	0.326	0.854	0.000	0.000	1.180	0.324	0.813	1.137
Later than 5 years	0.366	3.001	0.000	2.111	5.478	0.390	2.585	2.975
<b>Non-Current Liabilities</b>	<b>0.692</b>	<b>3.855</b>	<b>0.000</b>	<b>2.111</b>	<b>6.658</b>	<b>0.714</b>	<b>3.398</b>	<b>4.112</b>
<b>Total Provisions</b>	<b>0.774</b>	<b>4.066</b>	<b>0.148</b>	<b>8.257</b>	<b>13.245</b>	<b>0.796</b>	<b>5.260</b>	<b>6.056</b>

- Pension provisions and pension injury provisions relate to the NHS pension scheme rules whereby scheme members made redundant or employees retired on the grounds of ill health may be entitled to early receipt of their pension plus enhancement, at the employer's cost. The provision is based on current payments discounted by the FReM discount rate for post-employment benefits, and life expectancy based on the most up to date ONS life tables.
- The legal claims provision relates to both public liability and employer liability schemes provided by NHS Resolution. Provisions are made based on current open cases and their probability of success as advised by NHS Resolution. This provision does not include any clinical negligence cases, the liability for which is detailed in the following note.
- Other provisions relate to potential future costs which have occurred as a result of a past event, the Trust has assessed there to be a greater than 50% chance of realisation of these costs and can reasonably quantify the potential financial impact.

## 25. Clinical Negligence Liabilities

As at 31 March 2020 £356.3m was included in the provisions of NHS Resolution in respect of clinical negligence liabilities of University Hospitals of Derby and Burton NHS FT. At 31 March 2019 the balance was £370.9m.

## 26. Other Current Liabilities

Other Liabilities	Group	
	2019-2020 £m	2018-2019 £m
Deferred Income - contract liabilities	2.924	2.840
Other Deferred Income	6.459	6.875
<b>Total other Liabilities</b>	<b>9.383</b>	<b>9.715</b>

## 27. Cash and Cash Equivalents

Cash and Cash Equivalents relate to amounts held by the Trust as;

	Trust		Group	
	2019-2020 £m	2018-2019 £m	2019-2020 £m	2018-2019 £m
Balance at 1 April	4.273	15.583	9.003	16.649
Net Change in Year	33.953	(11.310)	35.080	(7.646)
<b>Balance at 31 March</b>	<b>38.226</b>	<b>4.273</b>	<b>44.083</b>	<b>9.003</b>
<b>Made up of:</b>				
Government Banking	38.032	3.782	38.032	3.782
Commercial Banks	0.181	0.463	6.036	5.193
Cash in Hand	0.013	0.028	0.015	0.028
<b>Balance at 31 March</b>	<b>38.226</b>	<b>4.273</b>	<b>44.083</b>	<b>9.003</b>

Cash includes Petty Cash or Cash Receivables not yet banked. The Government Banking Service relates to amounts with NatWest RBS. Commercial Bank Accounts are with Lloyds Bank and NatWest RBS.

## 28. Financial Instruments

### Financial Assets

	Trust Carrying Value		Trust Fair Value	
	31-Mar-20 £m	31-Mar-19 £m	31-Mar-20 £m	31-Mar-19 £m
<b>Current</b>				
Receivables (amortised cost)	45.499	34.427	45.499	34.427
Cash and Cash Equivalents (amortised cost)	38.226	4.273	38.226	4.273
<b>Balance as at 31 March</b>	<b>83.725</b>	<b>38.700</b>	<b>83.725</b>	<b>38.700</b>
<b>Non Current</b>				
Investments (fair value through P&L)	28.125	15.625	15.625	15.625
Loans and Receivables (amortised cost)	0.000	0.000	0.000	0.000
<b>Balance as at 31 March</b>	<b>28.125</b>	<b>15.625</b>	<b>15.625</b>	<b>15.625</b>

	Group Carrying Value		Group Fair Value	
	31-Mar-20 £m	31-Mar-19 £m	31-Mar-20 £m	31-Mar-19 £m
<b>Current</b>				
Receivables (amortised cost)	44.258	34.427	44.302	34.427
Cash and Cash Equivalents (amortised cost)	44.083	9.003	44.083	9.003
<b>Balance as at 31 March</b>	<b>88.341</b>	<b>43.430</b>	<b>88.385</b>	<b>43.430</b>
<b>Non Current</b>				
Investments (fair value through P&L)	7.905	8.964	7.906	8.964
Loans and Receivables (amortised cost)	0.000	0.000	0.000	0.000
<b>Balance as at 31 March</b>	<b>7.905</b>	<b>8.964</b>	<b>7.906</b>	<b>8.964</b>

**Financial Liabilities**

	Trust Carrying Value		Trust Fair Value	
	31-Mar-20 £m	31-Mar-19 £m	31-Mar-20 £m	31-Mar-19 £m
<b>Current</b>				
Payables (amortised cost)	94.914	77.921	94.914	77.921
PFI Obligations (amortised cost)	9.479	10.142	9.479	10.142
Borrowings (amortised cost)	326.766	74.725	326.766	74.725
<b>Balance as at 31 March</b>	<b>431.159</b>	<b>162.788</b>	<b>431.159</b>	<b>162.788</b>
<b>Non Current</b>				
Borrowings (amortised cost)	1.766	148.021	1.726	141.863
PFI Obligations (amortised cost)	274.011	286.094	250.642	211.056
<b>Balance as at 31 March</b>	<b>275.777</b>	<b>434.115</b>	<b>252.368</b>	<b>352.919</b>

	Group Carrying Value		Group Fair Value	
	31-Mar-20 £m	31-Mar-19 £m	31-Mar-20 £m	31-Mar-19 £m
<b>Current</b>				
Payables (amortised cost)	98.677	81.607	98.677	81.607
PFI Obligations (amortised cost)	9.045	10.109	9.045	10.109
Borrowings (amortised cost)	326.945	74.827	326.986	74.827
<b>Balance as at 31 March</b>	<b>434.667</b>	<b>166.543</b>	<b>434.708</b>	<b>166.543</b>
<b>Non Current</b>				
Borrowings (amortised cost)	3.309	149.289	2.999	141.864
PFI Obligations (amortised cost)	268.331	279.435	245.365	206.917
<b>Balance as at 31 March</b>	<b>271.640</b>	<b>428.724</b>	<b>248.364</b>	<b>348.782</b>

**Maturity of Financial Liabilities**

	Trust		Group	
	31-Mar-20 £m	31-Mar-19 £m	31-Mar-20 £m	31-Mar-19 £m
Not later than 1 year	431.159	162.788	434.667	166.543
Between 1 and 5 years	53.928	193.297	43.153	182.522
Later than 5 years	231.849	240.818	228.487	246.202
<b>Total</b>	<b>716.936</b>	<b>596.903</b>	<b>706.307</b>	<b>595.267</b>

**Analysis of Risk**

The Trust is not exposed to the degree of financial risk faced by business entities. The Trust's borrowing at the balance sheet date is from Government entities and the power to invest is limited to only low risk entities. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS Trust in undertaking its activities. The Trust's treasury management operations are carried out in the Finance Department, within parameters defined formally in the Trust's Standing Financial Instructions and policies as agreed by the Board of Directors. This also applies to the subsidiaries of the Trust.

**Currency risk**

The Trust is principally a domestic organisation with the majority of transactions, assets and liabilities being in the UK and Sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

**Interest rate risk**

The majority of the Trust's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest; bank deposits are exposed to variable rates of interest. Therefore University Hospitals of Derby and Burton NHS Foundation Trust NHS Foundation Trust is not exposed to

significant interest rate risk. Charitable fund investments are subject to market investment rate fluctuations in line with the investment portfolio determined by the trustees. COVID-19 has had a negative impact on the markets which has resulted in a reduction in the value of the Charity's investment portfolio. Current liabilities of the Charity are covered by identified cash resources and are therefore not subject to interest rate risk.

### **Credit risk**

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures are in receivables from customers, as disclosed in the receivables note.

### **Liquidity risk**

The Trust's net operating costs are incurred under annual service contracts with local Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Trust also finances some of its capital expenditure from funds made available from Government at an agreed amount. The Trust has submitted an annual plan to its regulator; NHS Improvement which plans for a deficit, the Trust expects to receive PDC support or loans from the Department of Health during the year, in order to be able to meet its cash commitments should contract income not be sufficient to cover all obligations as they fall due.

## **29. Capital Commitments**

As at 31<sup>st</sup> March 2020 the Trust had committed to future capital expenditure to the value of £9.605 million.

## **30. Contingent Assets and Liabilities**

Contingent Assets and Liabilities relate to possible assets or liabilities as a result of an event which has already taken place, however the Trust is unable to make a reliable estimation on the timing or amount of any potential benefit or cost, if it should occur at all. Neither are reported in the Statement of Financial Position due to this uncertainty.

### **Contingent Assets**

The Trust has not identified any material contingent assets which are required to disclose.

### **Contingent Liabilities**

The Trust has potential liabilities in relation to Public Liability and Employers Liability claims made against the Trust for where there is insufficient evidence to reliably estimate the level, if any, of obligation the Trust holds. The Trust estimate its obligation in relation to these claims is £0.139m (£0.081m 2018-2019).

## **31. Related Party Transactions**

The Trust is a body corporate established by order of the National Health Services Act 2006. During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions directly with the Trust.

One Director of the Board has provided private consultancy to a company called Globis Ltd and another Director has provided private consultancy to Stryker and Smith & Nephew.

Although the Trust has had transactions of £20k 2019-20 (£27k in 2018-19) with Globis Ltd, Stryker Ltd £2.863m in 2019-20 (£1.998m in 18-19), Smith & Nephew £1.349m (£1.199m 18-19) neither of the Directors who had provided consultancy were involved in the procurement process relating to Trust expenditure with either of these companies.

## 32. Subsidiaries Associates and Joint Ventures

For further information regarding the nature of these relationships please refer to note 15 of the accounts.

The following transactions have taken place between the Trust and its subsidiary group of companies:

- The Trust has invested £12.500m in D-Hive Ltd during the year.
- The Trust has spent £3.909 m (£1.721m during 2018-2019) with D-Hive Limited relating to a range of service contracts and purchase of Plant Property and
- Equipment via embedded leases plus made capital repayments of £.606 m on embedded leases deemed to be within Managed Service.
- The Trust has spent £0.033 m (£0.025m 2018-2019) with Clinicians Connected Ltd for membership to the recruitment service provided by the company.
- The Trust has spent £23.741 m with Derby Health Staffing Ltd relating to the supply of flexible staffing.
- The Trust has spent £3.725 m with Pride Pharmacy Ltd relating to the supply of Pharmacy Services.
- The Trust has provided D-Hive Limited (2019-2020 £0.577 m / 2018-2019 £0.497m), Clinicians Connected Ltd ( 2019-2020 £0.000 m / 2018-19 £0.047m ), Derby Health Staffing Ltd (2019-2020 £0.151m / 2018-19 £0.117m) and Pride Pharmacy Ltd (2019-20 £ 0.064m) with back office and management services as per a Service Level Agreement between the entities. The Trust also supplied £1.463 m of medicines to Pride Pharmacy as a result of the transition to Pride Pharmacy from the previous supplier.

The Trust entered into an agreement on 1 April 2017 with D-Hive Limited for the supply and maintenance of Medical and Non-Medical equipment and other services, details of these are provided in note 13. In year the most significant new service provided was endoscopy washing.

### Derby and Burton Hospitals Charity

The Trust is Corporate Trustee of the Derby and Burton Hospitals Charity. Full audited Financial Statements are prepared for the Charity. The Charity Financial Statements (unaudited) have been consolidated into these Financial Statements. At the Balance Sheet date, the Charity owed the Trust £0.148m in relation to Trade Payables, Salaries and other expenditure paid by the Trust on behalf of the Charity (£0.133m 2018-2019).

### Other Government Bodies

During the year the Trust had a significant number of material transactions with the Department and with other entities for which the Department is regarded as the parent entity, including; Southern Derbyshire CCG, East Staffordshired CCG, NHS England, Health Education England and Other CCGs. In addition, the Trust has entered into transactions with other Government Departments and other Central and Local Government Bodies.

The list below details the entities with transactions over £1.5m between the Trust and these bodies and the amounts outstanding between the parties at year end.

	Income £m	Expenditure £m	Receivable £m	Payable £m
NHS Derby and Derbyshire CCG	407.571	0.055	8.358	5.147
NHS East Staffordshire CCG	86.686	0.000	3.244	0.000
Cannock Chase CCG	7.124	0.000	0.019	0.000
NHS England	138.538	0.272	5.962	0.006
Health Education England	34.917	0.000	0.102	0.000
NHS Chesterfield Royal Hospital NHS FT	11.289	4.659	4.818	2.238
NHS West Leicestershire CCG	27.314	0.000	0.474	0.000
Derbyshire Healthcare Foundation Trust	2.164	1.606	0.856	1.565
Derbyshire Community Health	3.951	3.140	0.413	1.504
NHS South East Staffs and Seisdon CCG	51.858	0.000	0.128	2.366
University Hospitals of Leicester	3.981	0.206	1.829	0.170
NHS Nottingham West CCG	2.484	0.000	0.184	0.000
Nottingham University Hospitals	3.701	2.300	3.302	1.166
North Staffordshire CCG	1.722	0.000	0.000	0.030
NHS Warwickshire North	1.668	0.000	0.212	0.000
UH Coventry and Warwickshire NHS Trust	0.115	5.578	0.101	0.616
University Hospitals Birmingham FT	0.059	1.682	0.156	2.344
NHS Resolution	0.000	21.221	0.000	0.065

### 33. Events after the reporting period

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers.

Outstanding interim loans totalling £326.273m as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.

### 34. Losses and Special Payments

There were 164 cases of losses and special payments (327 in 2018-19) totalling £0.549m (£0.921m 2018-2019) paid during the year.

All losses and special payments are reported on an accruals basis but exclude provisions for future losses.

### 35. Charitable Funds

The Derby and Burton Hospitals Charity has £9.208m in reserves this can be broken down as follows:

- Unrestricted Funds £8.812m (£9.203m 2018-19)
- Restricted Funds £0.123m (£0.036m 2018-19)
- Endowment Funds £0.273m (£0.307m 2018-19)

The Charity was the recipient of the funds held by the Burton Hospitals Charitable Fund on the 1 July 2018 following the merger of Derby Teaching Hospitals and Burton Hospitals. The value transferred was £2.193m.

### 36. Other Gains/(Losses)

	Trust Accounts		Group Accounts	
	2019-2020 £m	2018-2019 £m	2019-2020 £m	2018-2019 £m
Gain/(Loss) on disposal of PPE	(0.014)	(0.320)	(0.014)	(0.320)
Gain/(Loss) on Charitable fund investment	0.000	0.000	(1.089)	0.130
<b>Total</b>	<b>(0.014)</b>	<b>(0.320)</b>	<b>(1.103)</b>	<b>(0.190)</b>

### 37. Accounting Standards Issued, Not Yet Adopted

The following table presents a list of recently issued IFRS Standards and amendments that have yet not been adopted within the FReM, and are therefore not applicable to Department of Health and Social Care group in 2019-2020.

Standards issued or amended but not yet adopted in FReM	
<b>IFRS 14 Regulatory Deferral Accounts</b>	Not EU-endorsed.* Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable to DHSC group bodies.
<b>IFRS 16 Leases</b>	Standard is effective at 1 April 2021 per the FReM
<b>IFRS 17 Insurance Contracts</b>	Application required for accounting periods beginning on or after 1 January 2023, but not yet adopted by the FReM: early adoption is not therefore permitted.

\* The European Financial Reporting Advisory Group recommended in [October 2015](#) that the Standard should not be endorsed as it is unlikely to be adopted by many EU countries.

#### 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. 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.

### 38. Transfers by absorption

No Transfers by absorption have taken place during the 2019-20 financial year.

On 1 July 2018, Derby Teaching Hospitals NHS FT and Burton Hospitals NHS FT merged to form, University Hospitals of Derby and Burton NHS FT. This transaction is accounted for by the application of Transfers by absorption accounting as prescribed by the DHSC Group Accounting Manual.

As at 1 July 2018 the Trust recognised £51.3m transfer by absorption gain in the Statement of Comprehensive income, made up of;

	Amount transferred 1 July 2018 £m
Net book value of PPE transferred	101.728
Net book value of Intangibles transferred	4.960
Total receivables transferred	15.942
Total inventories transferred	4.370
Cash and cash equivalents	3.870
Total trade and other payables transferred	(27.244)
Total other liabilities transferred	(0.136)
Total borrowings transferred	(50.552)
Total provisions transferred	(1.630)
<b>Transfer by absorption gain</b>	<b>51.308</b>

### 39. Prior Period Adjustments

Following review of the Trust valuation report undertaken by the Trust's appointed land and buildings Valuer, Avison Young Ltd and comparison with Gross Internal floor area (GIA) data held by the Trust, it became apparent there was a discrepancy in the floor areas used by Avison Young Ltd to produce their valuation for the Royal Derby Hospital site.

This discrepancy dates back to a valuation which took place in the 2014-15 financial year, base floor area data therein has been rolled forward over the subsequent years. Floor area data used by the valuer in subsequent years was updated in specific instances only, when changes to the Trust's Estate were made.

The financial impact of this discrepancy is material to the Group Accounts and therefore must be corrected by means of a prior period adjustment.

The primary statements and a number of the notes to the accounts have had the prior year comparatives restated to reflect the impact of the adjustment. Affected statements and notes clearly show the term "restated" in any prior year columns.

The summary impact of this adjustment is as follows

	18/19 £m	19/20 £m
Opening increase in buildings asset value	50.3	51.8
Additional depreciation charged in year	(1.2)	(1.3)
Revaluation	2.7	0.0
Closing increase in PFI buildings asset value	51.8	50.5

An analysis of the changes made to prior period primary statements and notes to those accounts, and the restated values, shown in this document are detailed below.

## Primary Financial Statements

### Statement of Comprehensive Income - Trust

	Note	Trust Accounts			
		2019-20 £m	As Previously reported 2018-19 £m	Prior Period Adjustment 2018-19 £m	Restated 2018-19 £m
Income from Patient Care Activities	3	761.555	652.132	0.000	652.132
Other Operating Income	4	95.577	71.510	0.000	71.510
Operating Expenses	5 & 6	(890.781)	(774.913)	(1.191)	(776.104)
Operating Surplus / (Deficit)		(33.649)	(51.271)	(1.191)	(52.462)
Finance Income	7	0.190	0.153	0.000	0.153
Finance Expense	8	(18.604)	(18.130)	0.000	(18.130)
Unwinding of Discount	24	(0.152)	(0.081)	0.000	(0.081)
Other Gains/(Losses)		(0.014)	(0.320)	0.000	(0.320)
Gains from transfers by absorption	36	0.000	51.308	0.000	51.308
Corporation Tax Expense		0.000	0.000	0.000	0.000
Surplus/(Deficit) on Continuing Operations		(52.229)	(18.341)	(1.191)	(19.532)
Gain or (loss) on Fair Value of Investments		0.000	0.000	0.000	0.000
Retained Surplus/(Deficit)		(52.229)	(18.341)	(1.191)	(19.532)
Impairment	16	(0.689)	(2.383)	0.000	(2.383)
Revaluation Gain/(Loss) on PPE	16	0.000	21.085	2.658	23.743
Other Reserve Movements		(0.001)	0.000	0.000	0.000
Total Comprehensive Income /(Expense)		(52.919)	0.361	1.467	1.828

### Statement of Comprehensive Income - Group

	Note	Group Accounts			
		2019-20 £m	As Previously reported 2018-19 £m	Prior Period Adjustment 2018-19 £m	Restated 2018-19 £m
Income from Patient Care Activities	3	761.555	652.132	0.000	652.132
Other Operating Income	4	98.960	73.964	0.000	73.964
Operating Expenses	5 & 6	(895.425)	(777.317)	(1.191)	(778.508)
Operating Surplus / (Deficit)		(34.910)	(51.221)	(1.191)	(52.412)
Finance Income	7	0.564	0.498	0.000	0.498
Finance Expense	8	(18.403)	(17.982)	0.000	(17.982)
Unwinding of Discount	24	(0.152)	(0.081)	0.000	(0.081)
Other Gains/(Losses)		(1.103)	(0.190)	0.000	(0.190)
Gains from transfers by absorption	36	0.000	51.308	0.000	51.308
Corporation Tax Expense		(0.158)	0.000	0.000	0.000
Surplus/(Deficit) on Continuing Operations		(54.162)	(17.668)	(1.191)	(18.859)
Gain or (loss) on Fair Value of Investments		0.000	0.000	0.000	0.000
Retained Surplus/(Deficit)		(54.162)	(17.668)	(1.191)	(18.859)
Impairment	16	(0.689)	(2.383)	0.000	(2.383)
Revaluation Gain/(Loss) on PPE	16	0.000	21.085	2.658	23.743
Other Reserve Movements		(0.288)	2.193	0.000	2.193
Total Comprehensive Income /(Expense)		(55.139)	3.227	1.467	4.694

## Statement of Financial Position – Trust and Group as at 31 March.

	Note	Trust Accounts						
		31/03/2020 £m	31/03/2019 As Previously reported £m	31/03/2019 Prior Period Adjustment £m	31/03/2019 Restated £m	01/04/2018 As Previously reported £m	01/04/2018 Prior Period Adjustment £m	01/04/2018 Restated £m
Intangible Assets	18	6.091	7.588	0.000	7.588	3.022	0.000	3.022
Property, Plant and Equipment	17	546.396	477.654	51.766	529.420	344.106	50.299	394.405
Other Non-Current Investments	19	28.125	15.625	0.000	15.625	1.087	0.000	1.087
Non-Current Receivables	21	7.642	5.883	0.000	5.883	10.766	0.000	10.766
<b>Total Non-Current Assets</b>		<b>588.254</b>	<b>506.750</b>	<b>51.766</b>	<b>558.516</b>	<b>358.981</b>	<b>50.299</b>	<b>409.280</b>
Inventories	20	13.499	12.102	0.000	12.102	6.574	0.000	6.574
Current Receivables	21	52.797	50.771	0.000	50.771	32.024	0.000	32.024
Cash and Cash Equivalents	27	38.226	4.273	0.000	4.273	15.583	0.000	15.583
<b>Total Current Assets</b>		<b>104.522</b>	<b>67.146</b>	<b>0.000</b>	<b>67.146</b>	<b>54.181</b>	<b>0.000</b>	<b>54.181</b>
Trade and Other Payables	22	(109.909)	(96.008)	0.000	(96.008)	(49.155)	0.000	(49.155)
Current Borrowings	23	(336.204)	(84.867)	0.000	(84.867)	(56.309)	0.000	(56.309)
Current Provisions	24	(6.587)	(3.372)	0.000	(3.372)	(0.753)	0.000	(0.753)
Other Current Liabilities	26	(9.381)	(9.664)	0.000	(9.664)	(6.714)	0.000	(6.714)
<b>Total Current Liabilities</b>		<b>(462.081)</b>	<b>(193.911)</b>	<b>0.000</b>	<b>(193.911)</b>	<b>(112.931)</b>	<b>0.000</b>	<b>(112.931)</b>
<b>Assets Less Current Liabilities</b>		<b>230.695</b>	<b>379.985</b>	<b>51.766</b>	<b>431.751</b>	<b>300.231</b>	<b>50.299</b>	<b>350.530</b>
Non-Current Borrowings	23	(275.817)	(434.116)	0.000	(434.116)	(369.968)	0.000	(369.968)
Non-Current Provisions	24	(6.658)	(4.112)	0.000	(4.112)	(3.326)	0.000	(3.326)
<b>Total Non-Current Liabilities</b>		<b>(282.475)</b>	<b>(438.228)</b>	<b>0.000</b>	<b>(438.228)</b>	<b>(373.294)</b>	<b>0.000</b>	<b>(373.294)</b>
<b>Net Assets/(Liabilities)</b>		<b>(51.780)</b>	<b>(58.243)</b>	<b>51.766</b>	<b>(6.477)</b>	<b>(73.063)</b>	<b>50.299</b>	<b>(22.764)</b>
<b>Financed by</b>								
Public Dividend Capital	SOCITE	242.833	235.220	0.000	235.220	169.453	0.000	169.453
Income and Expenditure Reserve		(387.748)	(374.402)	36.458	(337.944)	(270.991)	36.458	(234.533)
Revaluation Reserve		93.135	80.939	15.308	96.247	28.475	13.841	42.316
Subsidiary Reserves		0.000	0.000	0.000	0.000	0.000	0.000	0.000
Charitable Fund Reserves		0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Reserves</b>		<b>(51.780)</b>	<b>(58.243)</b>	<b>51.766</b>	<b>(6.477)</b>	<b>(73.063)</b>	<b>50.299</b>	<b>(22.764)</b>

	Note	Group Accounts						
		31/03/2020 £m	31/03/2019 As Previously reported £m	31/03/2019 Prior Period Adjustment £m	31/03/2019 Restated £m	01/04/2018 As Previously reported £m	01/04/2018 Prior Period Adjustment £m	01/04/2018 Restated £m
Intangible Assets	18	6.087	7.584	0.000	7.584	3.022	0.000	3.022
Property, Plant and Equipment	17	569.894	487.628	51.766	539.394	343.886	50.299	394.185
Other Non-Current Investments	19	7.905	8.962	0.000	8.962	7.762	0.000	7.762
Non-Current Receivables	21	7.642	5.883	0.000	5.883	10.766	0.000	10.766
<b>Total Non-Current Assets</b>		<b>591.528</b>	<b>510.057</b>	<b>51.766</b>	<b>561.823</b>	<b>365.436</b>	<b>50.299</b>	<b>415.735</b>
Inventories	20	14.844	12.102	0.000	12.102	6.574	0.000	6.574
Current Receivables	21	52.410	50.837	0.000	50.837	31.339	0.000	31.339
Cash and Cash Equivalents	27	44.083	9.003	0.000	9.003	16.649	0.000	16.649
<b>Total Current Assets</b>		<b>111.337</b>	<b>71.942</b>	<b>0.000</b>	<b>71.942</b>	<b>54.562</b>	<b>0.000</b>	<b>54.562</b>
Trade and Other Payables	22	(115.726)	(99.934)	0.000	(99.934)	(57.158)	0.000	(57.158)
Current Borrowings	23	(335.989)	(84.936)	0.000	(84.936)	(48.584)	0.000	(48.584)
Current Provisions	24	(6.587)	(1.944)	0.000	(1.944)	(0.753)	0.000	(0.753)
Other Current Liabilities	26	(9.383)	(9.715)	0.000	(9.715)	(6.714)	0.000	(6.714)
<b>Total Current Liabilities</b>		<b>(467.685)</b>	<b>(196.529)</b>	<b>0.000</b>	<b>(196.529)</b>	<b>(113.209)</b>	<b>0.000</b>	<b>(113.209)</b>
<b>Assets Less Current Liabilities</b>		<b>235.180</b>	<b>385.470</b>	<b>51.766</b>	<b>437.236</b>	<b>306.789</b>	<b>50.299</b>	<b>357.088</b>
Non-Current Borrowings	23	(271.650)	(428.724)	0.000	(428.724)	(368.517)	0.000	(368.517)
Non-Current Provisions	24	(6.658)	(4.112)	0.000	(4.112)	(3.326)	0.000	(3.326)
<b>Total Non-Current Liabilities</b>		<b>(278.308)</b>	<b>(432.836)</b>	<b>0.000</b>	<b>(432.836)</b>	<b>(371.843)</b>	<b>0.000</b>	<b>(371.843)</b>
<b>Net Assets/(Liabilities)</b>		<b>(43.128)</b>	<b>(47.366)</b>	<b>51.766</b>	<b>4.400</b>	<b>(65.054)</b>	<b>50.299</b>	<b>(14.755)</b>
<b>Financed by</b>								
Public Dividend Capital	SOCITE	242.833	235.220	0.000	235.220	169.453	0.000	169.453
Income and Expenditure Reserve		(388.147)	(372.915)	36.458	(336.457)	(270.971)	36.459	(234.512)
Revaluation Reserve		93.134	80.939	15.308	96.247	28.475	13.840	42.315
Subsidiary Reserves		(0.156)	(0.156)	0.000	(0.156)	(0.156)	0.000	(0.156)
Charitable Fund Reserves		9.208	9.546	0.000	9.546	8.145	0.000	8.145
<b>Total Reserves</b>		<b>(43.128)</b>	<b>(47.366)</b>	<b>51.766</b>	<b>4.400</b>	<b>(65.054)</b>	<b>50.299</b>	<b>(14.755)</b>

## Statement of Changes in Taxpayers' Equity - Trust

### Statement of Changes in Taxpayers Equity - as Previously Reported

	Trust Accounts			
	Total Reserves	PDC Reserve	I&E Reserve	Revaluation Reserve
	£m	£m	£m	£m
Balance as at 1 April 2018	(73.062)	169.453	(270.991)	28.476
Annual Surplus / (Deficit)	(18.341)	0.000	(18.341)	0.000
Transfers by Absorption	0.000	51.308	(85.069)	33.761
Additional PDC	14.459	14.459	0.000	0.000
Revaluation of PPE	18.702	0.000	0.000	18.702
Transfers between Reserves	0.000	0.000	0.000	0.000
Other Movements	(0.001)	0.000	(0.001)	0.000
Balance at 1 April 2019	(58.243)	235.220	(374.402)	80.939

### Statement of Changes in Taxpayers Equity - Prior Period Adjustments

	Trust Accounts			
	Total Reserves	PDC Reserve	I&E Reserve	Revaluation Reserve
	£m	£m	£m	£m
Balance as at 1 April 2018	0.000	0.000	0.000	0.000
Prior period adjustment	50.299	0.000	36.458	13.841
Revised Balance as at 1 April 2018	50.299	0.000	36.458	13.841
Annual Surplus / (Deficit)	(1.191)	0.000	(1.191)	0.000
Transfers by Absorption	0.000	0.000	0.000	0.000
Additional PDC	0.000	0.000	0.000	0.000
Revaluation of PPE	2.658	0.000	0.000	2.658
Transfers between Reserves	0.000	0.000	1.191	(1.191)
Other Movements	0.000	0.000	0.000	0.000
Balance at 1 April 2019 as restated*	51.766	0.000	36.458	15.308

### Statement of Changes in Taxpayers Equity - as Restated

	Trust Accounts			
	Total Reserves	PDC Reserve	I&E Reserve	Revaluation Reserve
	£m	£m	£m	£m
Balance as at 1 April 2018	(73.062)	169.453	(270.991)	28.476
Prior period adjustment	50.299	0.000	36.458	13.841
Revised Balance as at 1 April 2018	(22.763)	169.453	(234.533)	42.317
Annual Surplus / (Deficit)	(19.532)	0.000	(19.532)	0.000
Transfers by Absorption	0.000	51.308	(85.069)	33.761
Additional PDC	14.459	14.459	0.000	0.000
Revaluation of PPE	21.360	0.000	0.000	21.360
Transfers between Reserves	0.000	0.000	1.191	(1.191)
Other Movements	(0.001)	0.000	(0.001)	0.000
Balance at 1 April 2019 as restated*	(6.477)	235.220	(337.944)	96.247

## Statement of Changes in Taxpayers' Equity – Group

### Statement of Changes in Taxpayers Equity as Previously Reported

	Group Accounts					
	Total Reserves	PDC Reserve	Trust I&E Reserve	Revaluation Reserve	D-Hive P&L Reserve	Charity I&E Reserve
	£m	£m	£m	£m	£m	£m
Balance as at 1 April 2018	(65.054)	169.453	(270.971)	28.475	(0.156)	8.145
Annual Surplus / (Deficit)	(17.667)	0.000	(16.775)	0.000	0.000	(0.892)
Transfers by Absorption	0.000	51.308	(85.069)	33.761	0.000	0.000
Net Revaluation/Impairments	18.703	0.000	0.000	18.703	0.000	0.000
Additional PDC	14.459	14.459	0.000	0.000	0.000	0.000
Transfers between Reserves	0.000	0.000	0.000	0.000	0.000	0.000
Other Movements	2.193	0.000	(0.100)	0.000	0.000	2.293
Balance at 1 April 2019	(47.366)	235.220	(372.915)	80.939	(0.156)	9.546

	Group Accounts					
	Total Reserves	PDC Reserve	Trust I&E Reserve	Revaluation Reserve	D-Hive P&L Reserve	Charity I&E Reserve
	£m	£m	£m	£m	£m	£m
Balance as at 1 April 2018	0.000	0.000	0.000	0.000	0.000	0.000
Prior period adjustment	50.299	0.000	36.458	13.841	0.000	0.000
Revised Balance as at 1 April 2018	50.299	0.000	36.458	13.841	0.000	0.000
Annual Surplus / (Deficit)	(1.191)	0.000	(1.191)	0.000	0.000	0.000
Transfers by Absorption	0.000	0.000	0.000	0.000	0.000	0.000
Net Revaluation/Impairments	2.658	0.000	0.000	2.658	0.000	0.000
Additional PDC	0.000	0.000	0.000	0.000	0.000	0.000
Transfers between Reserves	0.000	0.000	1.191	(1.191)	0.000	0.000
Other Movements	0.000	0.000	0.000	0.000	0.000	0.000
Balance at 1 April 2019 as restated*	51.766	0.000	36.458	15.308	0.000	0.000

### Statement of Changes in Taxpayers Equity - as Restated

	Group Accounts					
	Total Reserves	PDC Reserve	Trust I&E Reserve	Revaluation Reserve	D-Hive P&L Reserve	Charity I&E Reserve
	£m	£m	£m	£m	£m	£m
Balance as at 1 April 2018	(65.054)	169.453	(270.971)	28.475	(0.156)	8.145
Prior period adjustment	50.299	0.000	36.458	13.841	0.000	0.000
Revised Balance as at 1 April 2018	(14.755)	169.453	(234.513)	42.316	(0.156)	8.145
Annual Surplus / (Deficit)	(18.858)	0.000	(17.966)	0.000	0.000	(0.892)
Transfers by Absorption	0.000	51.308	(85.069)	33.761	0.000	0.000
Net Revaluation/Impairments	21.361	0.000	0.000	21.361	0.000	0.000
Additional PDC	14.459	14.459	0.000	0.000	0.000	0.000
Transfers between Reserves	0.000	0.000	1.191	(1.191)	0.000	0.000
Other Movements	2.193	0.000	(0.100)	0.000	0.000	2.293
Balance at 1 April 2019 as restated*	4.400	235.220	(336.457)	96.247	(0.156)	9.546

## Statement of Cash Flows – Trust and Group

Statement of Cash Flows as Previously Reported	Trust Accounts		Group Accounts	
	2019-20 £m	2018-19 £m	2019-20 £m	2018-19 £m
<b>Operating Surplus / (Deficit)</b>	(33.649)	(51.271)	(34.910)	(51.221)
<b>Non-cash or non-operating income and expense:</b>				
Depreciation and amortisation	18.590	15.066	18.604	14.985
Impairment and Reversals	0.384	4.796	0.709	4.796
(Gain)/Loss on Disposal	0.000	0.000	0.000	0.000
Income recognised in respect of capital donations (cash and non-cash)	(0.746)	(0.152)	(0.746)	(0.350)
(Increase)/decrease in receivables	(6.674)	1.816	(5.902)	1.563
(Increase)/decrease in inventories	(1.397)	(1.158)	(2.733)	(1.158)
Increase/(decrease) in trade and other payables	5.717	12.069	7.658	10.672
Increase/(decrease) in other liabilities	(0.283)	2.814	(0.332)	2.866
Increase/(decrease) in provisions	5.761	1.694	7.037	0.230
Other movements in operating cash flows	0.030	(0.127)	(0.043)	0.069
<b>Net cash generated from / (used in) operations</b>	<b>(12.267)</b>	<b>(14.453)</b>	<b>(10.658)</b>	<b>(17.548)</b>
<b>Cash flows from investing activities</b>				
Interest received	0.190	0.153	0.200	0.160
Purchase of intangible assets	(0.713)	(0.735)	(0.713)	(0.573)
Purchase of property, plant and equipment and investment property	(21.757)	(22.179)	(35.916)	(31.111)
Proceeds from sales of property, plant and equipment and investment property	0.013	0.022	0.013	0.023
Prepayment of PFI capital contributions (cash payments)	(0.886)	0.000	(0.886)	0.000
(Purchase)/Proceeds of/from investments	(12.500)	(14.539)	0.490	1.359
<b>Net cash generated from/(used in) investing activities</b>	<b>(35.653)</b>	<b>(37.278)</b>	<b>(36.812)</b>	<b>(30.142)</b>
<b>Cash flows from financing activities</b>				
Public dividend capital received	7.613	14.459	7.613	14.459
Movement in loans from the Department of Health and Social Care	104.319	48.106	104.319	48.106
Capital element of finance lease rental payments	(1.163)	(0.223)	(1.291)	(0.223)
Capital element of PFI, LIFT and other service concession payments	(10.358)	(8.469)	(9.752)	(8.176)
PDC Dividend	(0.210)	0.000	(0.210)	0.000
Interest Paid	(18.328)	(17.322)	(18.129)	(17.990)
<b>Net cash generated from/(used in) financing activities</b>	<b>81.873</b>	<b>36.551</b>	<b>82.550</b>	<b>36.176</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>33.953</b>	<b>(15.180)</b>	<b>35.080</b>	<b>(11.514)</b>
Cash and cash equivalents at 1 April - brought forward	4.273	15.583	9.003	16.647
Cash and cash equivalents transferred by absorption	0.000	3.870	0.000	3.870
<b>Cash and cash equivalents at 31 March</b>	<b>38.226</b>	<b>4.273</b>	<b>44.083</b>	<b>9.003</b>

Statement of Cash Flows - Prior Period Adjustments in 2018/19	Trust Accounts		Group Accounts	
	2019-20 £m	2018-19 £m	2019-20 £m	2018-19 £m
<b>Operating Surplus / (Deficit)</b>	0.000	(1.191)	0.000	(1.191)
<b>Non-cash or non-operating income and expense:</b>				
Depreciation and amortisation	0.000	1.191	0.000	1.191
<b>Cash and cash equivalents at 31 March</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

Statement of Cash Flows - as Restated for 2018/19	Trust Accounts		Group Accounts	
	2019-20 £m	2018-19 £m	2019-20 £m	2018-19 £m
<b>Operating Surplus / (Deficit)</b>	(33.649)	(52.462)	(34.910)	(52.412)
<b>Non-cash or non-operating income and expense:</b>				
Depreciation and amortisation	18.590	16.257	18.604	16.176
Impairment and Reversals	0.384	4.796	0.709	4.796
(Gain)/Loss on Disposal	0.000	0.000	0.000	0.000
Income recognised in respect of capital donations (cash and non-cash)	(0.746)	(0.152)	(0.746)	(0.350)
(Increase)/decrease in receivables	(6.674)	1.816	(5.902)	1.563
(Increase)/decrease in inventories	(1.397)	(1.158)	(2.733)	(1.158)
Increase/(decrease) in trade and other payables	5.717	12.069	7.658	10.672
Increase/(decrease) in other liabilities	(0.283)	2.814	(0.332)	2.866
Increase/(decrease) in provisions	5.761	1.694	7.037	0.230
Other movements in operating cash flows	0.030	(0.127)	(0.043)	0.069
<b>Net cash generated from / (used in) operations</b>	<b>(12.267)</b>	<b>(14.453)</b>	<b>(10.658)</b>	<b>(17.548)</b>
<b>Cash flows from investing activities</b>				
Interest received	0.190	0.153	0.200	0.160
Purchase of intangible assets	(0.713)	(0.735)	(0.713)	(0.573)
Purchase of property, plant and equipment and investment property	(21.757)	(22.179)	(35.916)	(31.111)
Proceeds from sales of property, plant and equipment and investment property	0.013	0.022	0.013	0.023
Prepayment of PFI capital contributions (cash payments)	(0.886)	0.000	(0.886)	0.000
(Purchase)/Proceeds of/from investments	(12.500)	(14.539)	0.490	1.359
<b>Net cash generated from/(used in) investing activities</b>	<b>(35.653)</b>	<b>(37.278)</b>	<b>(36.812)</b>	<b>(30.142)</b>
<b>Cash flows from financing activities</b>				
Public dividend capital received	7.613	14.459	7.613	14.459
Movement in loans from the Department of Health and Social Care	104.319	48.106	104.319	48.106
Capital element of finance lease rental payments	(1.163)	(0.223)	(1.291)	(0.223)
Capital element of PFI, LIFT and other service concession payments	(10.358)	(8.469)	(9.752)	(8.176)
PDC Dividend	(0.210)	0.000	(0.210)	0.000
Interest Paid	(18.328)	(17.322)	(18.129)	(17.990)
<b>Net cash generated from/(used in) financing activities</b>	<b>81.873</b>	<b>36.551</b>	<b>82.550</b>	<b>36.176</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>33.953</b>	<b>(15.180)</b>	<b>35.080</b>	<b>(11.514)</b>
Cash and cash equivalents at 1 April - brought forward	4.273	15.583	9.003	16.647
Cash and cash equivalents transferred by absorption	0.000	3.870	0.000	3.870
<b>Cash and cash equivalents at 31 March</b>	<b>38.226</b>	<b>4.273</b>	<b>44.083</b>	<b>9.003</b>



## Notes to the Accounts

### Note 2 Operating Segments

18-19 as Previously presented

	Cancer, Diagnostic and Clinical Support	Medicine	Surgery	Women & Children's	Trust Wide Services	Trust Total	Group	Group Total
	£m	£m	£m	£m	£m	£m	£m	£m
Income From Activities	93.945	225.617	201.175	100.970	30.425	<b>652.132</b>	0.000	<b>652.132</b>
Other Operating Income	8.856	5.375	3.440	4.593	49.246	<b>71.510</b>	2.454	<b>73.964</b>
<b>Total Income</b>	<b>102.801</b>	<b>230.992</b>	<b>204.615</b>	<b>105.563</b>	<b>79.671</b>	<b>723.643</b>	<b>2.454</b>	<b>726.097</b>
Employee Costs	(98.899)	(150.093)	(135.891)	(61.485)	(41.925)	<b>(488.293)</b>	(0.611)	<b>(488.904)</b>
Drugs (including Gases)	(15.912)	(8.094)	(6.701)	(1.742)	(44.757)	<b>(77.206)</b>	0.000	<b>(77.206)</b>
Other Supplies and Services	(31.534)	(17.665)	(33.930)	(4.456)	(121.829)	<b>(209.414)</b>	(1.793)	<b>(211.207)</b>
<b>Total Expenditure</b>	<b>(146.346)</b>	<b>(175.852)</b>	<b>(176.522)</b>	<b>(67.683)</b>	<b>(208.511)</b>	<b>(774.913)</b>	<b>(2.404)</b>	<b>(777.317)</b>
<b>Operating Surplus/(Deficit)</b>	<b>(43.544)</b>	<b>55.140</b>	<b>28.093</b>	<b>37.880</b>	<b>(128.840)</b>	<b>(51.271)</b>	<b>0.050</b>	<b>(51.221)</b>
<b>Prior Period Adjustment:</b> Additional depreciation expense added to Other Supplies and Services	0.000	0.000	0.000	0.000	(1.191)	<b>(1.191)</b>	0.000	<b>(1.191)</b>

18-19 as Restated

Income From Activities	93.945	225.617	201.175	100.970	30.425	<b>652.132</b>	0.000	<b>652.132</b>
Other Operating Income	8.856	5.375	3.440	4.593	49.246	<b>71.510</b>	2.454	<b>73.964</b>
<b>Total Income</b>	<b>102.801</b>	<b>230.992</b>	<b>204.615</b>	<b>105.563</b>	<b>79.671</b>	<b>723.642</b>	<b>2.454</b>	<b>726.096</b>
Employee Costs	(98.899)	(150.093)	(135.891)	(61.485)	(41.925)	<b>(488.293)</b>	(0.611)	<b>(488.904)</b>
Drugs (including Gases)	(15.912)	(8.094)	(6.701)	(1.742)	(44.757)	<b>(77.206)</b>	0.000	<b>(77.206)</b>
Other Supplies and Services	(31.534)	(17.665)	(33.930)	(4.456)	(123.020)	<b>(210.605)</b>	(1.793)	<b>(212.398)</b>
<b>Total Expenditure</b>	<b>(146.346)</b>	<b>(175.852)</b>	<b>(176.522)</b>	<b>(67.683)</b>	<b>(209.702)</b>	<b>(776.104)</b>	<b>(2.404)</b>	<b>(778.508)</b>
<b>Operating Surplus/(Deficit)</b>	<b>(43.545)</b>	<b>55.140</b>	<b>28.093</b>	<b>37.880</b>	<b>(130.031)</b>	<b>(52.462)</b>	<b>0.050</b>	<b>(52.412)</b>

## Note 6 Operating Expenditure

	Group Accounts			
	2019-20	2018-19	2018-19	2018-19
	£m	as previously presented £m	prior period adjustment £m	as restated £m
Drug Costs	86.459	77.206	-	77.206
Supplies and services – clinical (excluding drugs costs)	67.530	57.304	-	57.304
Supplies and services - general	32.914	24.366	-	24.366
Healthcare Services	0.037	0.450	-	0.450
Inventories write down	0.190	0.185	-	0.185
Premises Costs	23.623	29.556	-	29.556
Transport Costs	2.368	2.202	-	2.202
Depreciation	16.382	13.531	1.191	14.722
Other Capital Charges	2.222	1.535	-	1.535
Provisions	5.347	6.300	-	6.300
Audit Services provided by external auditor	0.091	0.126	-	0.126
Quality Accounts review provided by external auditor	0.009	0.012	-	0.012
Audit of Charity provided by external auditor	0.000	0.000	-	0.000
Other Audit Services	0.140	0.293	-	0.293
Legal Services & Clinical Negligence	22.590	18.595	-	18.595
Education and Research	4.560	3.353	-	3.353
PFI Costs	43.767	43.452	-	43.452
Charitable Fund Costs	2.187	2.740	-	2.740
Impairment	0.709	4.715	-	4.715
Other Costs	1.657	2.492	-	2.492
<b>Other Operating Expenditure</b>	<b>312.782</b>	<b>288.413</b>	<b>1.191</b>	<b>289.604</b>

## Note 16 Revaluation and Impairment

Asset	NBV Prior to revaluation £m	Gain to I&E £m	Revaluation Adjustment				Closing NBV as at 31 March 2029 £m
			Revaluation loss to Revaluation Reserve £m	Gain to Revaluation Reserve £m	Impairment to I&E £m	Impairment to Revaluation Reserve £m	
<b>Royal Derby Hospital</b>							
Land	14.140	0.000	0.000	2.758	0.000	0.000	16.898
Buildings	275.338	0.000	0.000	15.723	(2.910)	(0.866)	287.285
Dwellings	0.000	0.000	0.000	0.000	(0.081)	(0.116)	(0.197)
<b>London Road Community Hospital</b>							
Land	2.608	0.000	0.000	0.522	0.000	0.000	3.130
Buildings	19.395	0.000	0.000	1.178	0.000	(0.490)	20.083
Dwellings	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Queens Hospital Burton</b>							
Land	4.213	0.000	0.000	0.000	0.000	0.000	4.213
Buildings	55.895	0.000	0.000	0.537	(0.779)	(0.889)	54.764
Dwellings	1.722	0.000	0.000	0.018	(0.018)	(0.009)	1.713
<b>Samuel Johnson Hospital</b>							
Land	0.500	0.000	0.000	0.000	0.000	0.000	0.500
Buildings	10.960	0.000	0.000	0.181	0.000	0.000	11.141
Dwellings	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Sir Robert Peel Hospital</b>							
Land	0.500	0.000	0.000	0.000	0.000	0.000	0.500
Buildings	8.635	0.000	0.000	0.000	(1.007)	0.000	7.628
Dwellings	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Other</b>							
Land	1.726	0.000	0.000	0.000	0.000	0.000	1.726
Buildings	4.897	0.000	0.000	0.168	0.000	(0.013)	5.052
Dwellings	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total</b>	<b>400.529</b>	<b>0.000</b>	<b>0.000</b>	<b>21.085</b>	<b>(4.795)</b>	<b>(2.383)</b>	<b>414.436</b>

## Note 16 Revaluation and Impairment

Prior Period Adjustments in 2018/19

Asset	Revaluation Adjustment						Closing NBV as at 31 March 2019 £m
	NBV Prior to revaluation £m	Gain to I&E £m	Revaluation loss to Revaluation Reserve £m	Gain to Revaluation Reserve £m	Impairment to I&E £m	Impairment to Revaluation Reserve £m	
<b>Royal Derby Hospital</b>							
Land	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Buildings	49.107	0.000	(0.043)	2.701	0.000	0.000	51.765
Dwellings	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>London Road Community Hospital</b>							
Land	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Buildings	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Dwellings	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Queens Hospital Burton</b>							
Land	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Buildings	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Dwellings	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Samuel Johnson Hospital</b>							
Land	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Buildings	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Dwellings	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Sir Robert Peel Hospital</b>							
Land	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Buildings	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Dwellings	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Other</b>							
Land	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Buildings	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Dwellings	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total</b>	<b>49.107</b>	<b>0.000</b>	<b>(0.043)</b>	<b>2.701</b>	<b>0.000</b>	<b>0.000</b>	<b>51.765</b>

## Note 16 Revaluation and Impairment

As Restated for 2018/19:

Asset	Revaluation Adjustment						Closing NBV as at 31 March 2019 £m
	NBV Prior to revaluation £m	Gain to I&E £m	Revaluation loss to Revaluation Reserve £m	Gain to Revaluation Reserve £m	Impairment to I&E £m	Impairment to Revaluation Reserve £m	
<b>Royal Derby Hospital</b>							
Land	14.140	0.000	0.000	2.758	0.000	0.000	16.898
Buildings	324.445	0.000	(0.043)	18.424	(2.910)	(0.866)	339.050
Dwellings	0.000	0.000	0.000	0.000	(0.081)	(0.116)	(0.197)
<b>London Road Community Hospital</b>							
Land	2.608	0.000	0.000	0.522	0.000	0.000	3.130
Buildings	19.395	0.000	0.000	1.178	0.000	(0.490)	20.083
Dwellings	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Queens Hospital Burton</b>							
Land	4.213	0.000	0.000	0.000	0.000	0.000	4.213
Buildings	55.895	0.000	0.000	0.537	(0.779)	(0.889)	54.764
Dwellings	1.722	0.000	0.000	0.018	(0.018)	(0.009)	1.713
<b>Samuel Johnson Hospital</b>							
Land	0.500	0.000	0.000	0.000	0.000	0.000	0.500
Buildings	10.960	0.000	0.000	0.181	0.000	0.000	11.141
Dwellings	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Sir Robert Peel Hospital</b>							
Land	0.500	0.000	0.000	0.000	0.000	0.000	0.500
Buildings	8.635	0.000	0.000	0.000	(1.007)	0.000	7.628
Dwellings	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Other</b>							
Land	1.726	0.000	0.000	0.000	0.000	0.000	1.726
Buildings	4.897	0.000	0.000	0.168	0.000	(0.013)	5.052
Dwellings	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total</b>	<b>449.637</b>	<b>0.000</b>	<b>(0.043)</b>	<b>23.786</b>	<b>(4.795)</b>	<b>(2.383)</b>	<b>466.202</b>

## Note 17 Property Plant and Equipment – Trust

Trust Property Plant and Equipment - as Previously Reported

	31st March 2019 Trust								
	Land	Buildings & Structures	Dwellings	Assets under Construction	Plant & Machinery	Transport Equipment	IT Equipment	Furniture & Fittings	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Gross Book Value 1 April	16.749	297.666	0.386	4.683	64.738	0.109	6.935	3.518	394.784
Transfers by Absorption	6.938	89.945	1.862	2.412	21.499	0.313	11.606	1.884	136.459
Purchases	-	1.127	-	18.933	2.248	-	0.532	0.008	22.848
MES Additions	-	5.140	-	-	4.020	-	-	-	9.160
Grants & Donations	-	-	-	0.023	0.092	-	0.037	-	0.152
Impairments	-	(18.076)	(0.369)	-	-	-	-	-	(18.445)
Revaluation Loss	-	(2.257)	(0.125)	-	-	-	-	-	(2.382)
Revaluation Gain	3.280	10.403	(0.238)	-	-	-	-	-	13.445
Reclassifications	-	2.007	-	(3.145)	(0.692)	0.138	0.321	0.700	(0.671)
Disposals	-	-	-	0.00	(5.814)	(0.014)	(0.264)	(1.860)	(7.952)
Gross Book Value 31 March	26.967	385.955	1.516	22.906	86.091	0.546	19.167	4.250	547.398
Depreciation 1 April	-	7.996	0.184	-	36.504	0.084	3.196	2.714	50.678
Transfers by Absorption	-	8.761	0.286	-	14.981	0.255	8.822	1.625	34.730
Provided in year	-	4.008	0.055	-	7.580	0.022	1.473	0.403	13.541
Revaluations	-	(20.765)	(0.525)	-	-	-	-	-	(21.290)
Reclassifications	-	-	-	-	(0.872)	0.130	(0.025)	0.504	(0.263)
Disposals	-	-	-	-	(5.514)	(0.014)	(0.264)	(1.860)	(7.652)
Depreciation 31 March	-	0.00	0.000	-	52.679	0.477	13.202	3.386	69.744
Net Book Value 1 April	16.749	289.670	0.202	4.683	28.234	0.025	3.739	0.804	344.106
Movement in Year	10.218	96.285	1.314	18.223	5.178	0.044	2.226	0.060	133.548
Net Book Value 31 March	26.967	385.955	1.516	22.906	33.412	0.069	5.965	0.864	477.654
Made up of:	-	-	-	-	-	-	-	-	-
Owned	26.967	100.888	1.516	22.881	16.028	0.056	5.751	0.598	174.685
Finance Leased	-	1.005	-	-	0.253	-	-	-	1.258
PFI / Managed Equipment Service	-	281.919	-	-	14.037	-	0.081	0.008	296.045
Donated & Granted	-	2.143	-	0.025	3.094	0.013	0.133	0.258	5.666
Net Book Value 31 March	26.967	385.955	1.516	22.906	33.412	0.069	5.965	0.864	477.654

## Note 17 Property Plant and Equipment – Trust

### Trust Property Plant and Equipment - Prior Period Adjustment

	31st March 2019 Trust								
	Land £m	Buildings & Structures £m	Dwellings £m	Assets under Construction £m	Plant & Machinery £m	Transport Equipment £m	IT Equipment £m	Furniture & Fittings £m	Total £m
Gross Book Value 1 April	-	48.275	(0.172)	-	-	-	-	-	48.103
Transfers by Absorption	-	-	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-	-	-
MES Additions	-	-	-	-	-	-	-	-	-
Grants & Donations	-	-	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	-	-	-	-
Revaluation Loss	-	(0.302)	-	-	-	-	-	-	(0.302)
Revaluation Gain	-	3.793	0.172	-	-	-	-	-	3.965
Reclassifications	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Gross Book Value 31 March</b>	<b>-</b>	<b>51.766</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51.766</b>
Depreciation 1 April	-	(2.024)	(0.172)	-	-	-	-	-	(2.196)
Transfers by Absorption	-	-	-	-	-	-	-	-	-
Provided in year	-	1.191	-	-	-	-	-	-	1.191
Revaluations	-	0.833	0.172	-	-	-	-	-	1.005
Reclassifications	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Depreciation 31 March</b>	<b>-</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00</b>
<b>Net Book Value 1 April</b>	<b>-</b>	<b>50.299</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50.299</b>
Movement in Year	-	1.467	-	-	-	-	-	-	1.467
<b>Net Book Value 31 March</b>	<b>-</b>	<b>51.766</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51.766</b>
Made up of:									
Owned	-	-	-	-	-	-	-	-	-
Finance Leased	-	-	-	-	-	-	-	-	-
PFI / Managed Equipment Service	-	51.766	-	-	-	-	-	-	51.766
Donated & Granted	-	-	-	-	-	-	-	-	-
<b>Net Book Value 31 March</b>	<b>-</b>	<b>51.766</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51.766</b>

## Note 17 Property Plant and Equipment – Trust

### Trust Property Plant and Equipment - as Restated

	31st March 2019 Trust								
	Land £m	Buildings & Structures £m	Dwellings £m	Assets under Construction £m	Plant & Machinery £m	Transport Equipment £m	IT Equipment £m	Furniture & Fittings £m	Total £m
<b>Gross Book Value 1 April</b>	16.749	345.941	0.214	4.683	64.738	0.109	6.935	3.518	442.887
Transfers by Absorption	6.938	89.945	1.862	2.412	21.499	0.313	11.606	1.884	136.459
Purchases	-	1.127	-	18.933	2.248	-	0.532	0.008	22.848
MES Additions	-	5.140	-	-	4.020	-	-	-	9.160
Grants & Donations	-	-	-	0.023	0.092	-	0.037	-	0.152
Impairments	-	(18.076)	(0.369)	-	-	-	-	-	(18.445)
Revaluation Loss	-	(2.559)	(0.125)	-	-	-	-	-	(2.684)
Revaluation Gain	3.280	14.196	(0.066)	-	-	-	-	-	17.410
Reclassifications	-	2.007	-	(3.145)	(0.692)	0.138	0.321	0.700	(0.671)
Disposals	-	-	-	0.00	(5.814)	(0.014)	(0.264)	(1.860)	(7.952)
<b>Gross Book Value 31 March</b>	<b>26.967</b>	<b>437.721</b>	<b>1.516</b>	<b>22.906</b>	<b>86.091</b>	<b>0.546</b>	<b>19.167</b>	<b>4.250</b>	<b>599.164</b>
<b>Depreciation 1 April</b>	<b>-</b>	<b>5.972</b>	<b>0.012</b>	<b>-</b>	<b>36.504</b>	<b>0.084</b>	<b>3.196</b>	<b>2.714</b>	<b>48.482</b>
Transfers by Absorption	-	8.761	0.286	-	14.981	0.255	8.822	1.625	34.730
Provided in year	-	5.199	0.055	-	7.580	0.022	1.473	0.403	14.732
Revaluations	-	(19.932)	(0.353)	-	-	-	-	-	(20.285)
Reclassifications	-	-	-	-	(0.872)	0.130	(0.025)	0.504	(0.263)
Disposals	-	-	-	-	(5.514)	(0.014)	(0.264)	(1.860)	(7.652)
<b>Depreciation 31 March</b>	<b>-</b>	<b>0.00</b>	<b>0.000</b>	<b>-</b>	<b>52.679</b>	<b>0.477</b>	<b>13.202</b>	<b>3.386</b>	<b>69.744</b>
<b>Net Book Value 1 April</b>	<b>16.749</b>	<b>339.969</b>	<b>0.202</b>	<b>4.683</b>	<b>28.234</b>	<b>0.025</b>	<b>3.739</b>	<b>0.804</b>	<b>394.405</b>
Movement in Year	10.218	97.752	1.314	18.223	5.178	0.044	2.226	0.060	135.015
<b>Net Book Value 31 March</b>	<b>26.967</b>	<b>437.721</b>	<b>1.516</b>	<b>22.906</b>	<b>33.412</b>	<b>0.069</b>	<b>5.965</b>	<b>0.864</b>	<b>529.420</b>
<b>Made up of:</b>									
Owned	26.967	100.888	1.516	22.881	16.028	0.056	5.751	0.598	174.685
Finance Leased	-	1.005	-	-	0.253	-	-	-	1.258
PFI / Managed Equipment Service	-	333.685	-	-	14.037	-	0.081	0.008	347.811
Donated & Granted	-	2.143	-	0.025	3.094	0.013	0.133	0.258	5.666
<b>Net Book Value 31 March</b>	<b>26.967</b>	<b>437.721</b>	<b>1.516</b>	<b>22.906</b>	<b>33.412</b>	<b>0.069</b>	<b>5.965</b>	<b>0.864</b>	<b>529.420</b>



## Note 17 Property Plant and Equipment – Group

### Group Property Plant and Equipment - as Previously Reported

	31st March 2019 Group								
	Land	Buildings & Structures	Dwellings	Assets under Construction	Plant & Machinery	Transport Equipment	IT Equipment	Furniture & Fittings	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Gross Book Value 1 April</b>	16.749	297.591	0.386	5.191	64.105	0.109	6.954	3.528	394.613
Transfers by Absorption	6.938	89.945	1.862	2.412	21.499	0.313	11.606	1.884	136.459
Purchases	-	5.935	-	28.145	2.172	-	0.522	-	36.774
MES Additions	-	-	-	1.379	4.020	-	-	-	5.399
Grants & Donations	-	-	-	0.023	0.261	-	0.037	-	0.321
Impairments	-	(18.076)	(0.369)	-	-	-	-	-	(18.445)
Revaluation Loss	-	(2.257)	(0.125)	-	-	-	-	-	(2.382)
Revaluation Gain	3.280	10.403	(0.238)	-	-	-	-	-	13.445
Reclassifications	-	2.308	-	(3.556)	(0.629)	0.138	0.321	0.704	(0.714)
Disposals	-	-	-	(0.106)	(5.814)	(0.014)	(0.264)	(1.861)	(8.059)
<b>Gross Book Value 31 March</b>	<b>26.967</b>	<b>385.849</b>	<b>1.516</b>	<b>33.488</b>	<b>85.614</b>	<b>0.546</b>	<b>19.176</b>	<b>4.255</b>	<b>557.411</b>
Depreciation 1 April	-	7.996	0.184	-	36.551	0.084	3.198	2.714	50.727
Transfers by Absorption	-	8.761	0.286	-	14.981	0.255	8.822	1.625	34.730
Provided in year	-	4.009	0.055	-	7.571	0.021	1.473	0.402	13.531
Revaluations	-	(20.765)	(0.525)	-	-	-	-	-	(21.290)
Reclassifications	-	-	-	-	(0.872)	0.130	(0.025)	0.504	(0.263)
Disposals	-	-	-	-	(5.514)	(0.014)	(0.264)	(1.860)	(7.652)
<b>Depreciation 31 March</b>	<b>-</b>	<b>0.00</b>	<b>0.000</b>	<b>-</b>	<b>52.717</b>	<b>0.476</b>	<b>13.204</b>	<b>3.385</b>	<b>69.783</b>
<b>Net Book Value 1 April</b>	<b>16.749</b>	<b>289.595</b>	<b>0.202</b>	<b>5.191</b>	<b>27.554</b>	<b>0.025</b>	<b>3.756</b>	<b>0.814</b>	<b>343.886</b>
Movement in Year	10.218	96.253	1.314	28.297	5.343	0.045	2.216	0.056	143.742
<b>Net Book Value 31 March</b>	<b>26.967</b>	<b>385.848</b>	<b>1.516</b>	<b>33.488</b>	<b>32.897</b>	<b>0.070</b>	<b>5.972</b>	<b>0.870</b>	<b>487.628</b>
<b>Made up of:</b>									
Owned	26.967	112.978	1.516	33.463	15.511	0.056	5.756	0.603	196.850
Finance Leased	-	1.005	-	-	0.254	-	-	-	1.259
PFI / Managed Equipment Service	-	271.654	-	-	14.037	-	0.082	0.009	285.782
Donated & Granted	-	0.211	-	0.025	3.094	0.014	0.134	0.259	3.737
<b>Net Book Value 31 March</b>	<b>26.967</b>	<b>385.848</b>	<b>1.516</b>	<b>33.488</b>	<b>32.896</b>	<b>0.070</b>	<b>5.972</b>	<b>0.871</b>	<b>487.628</b>

## Note 17 Property Plant and Equipment – Group

### Group Property Plant and Equipment - Prior Period Adjustment

	31st March 2019 Group								
	Land	Buildings & Structures	Dwellings	Assets under Construction	Plant & Machinery	Transport Equipment	IT Equipment	Furniture & Fittings	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Gross Book Value 1 April	-	48.275	(0.172)	-	-	-	-	-	48.103
Transfers by Absorption	-	-	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-	-	-
MES Additions	-	-	-	-	-	-	-	-	-
Grants & Donations	-	-	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	-	-	-	-
Revaluation Loss	-	(0.302)	-	-	-	-	-	-	(0.302)
Revaluation Gain	-	3.793	0.172	-	-	-	-	-	3.965
Reclassifications	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Gross Book Value 31 March</b>	<b>-</b>	<b>51.766</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51.766</b>
Depreciation 1 April	-	(2.024)	(0.172)	-	-	-	-	-	(2.196)
Transfers by Absorption	-	-	-	-	-	-	-	-	-
Provided in year	-	1.191	-	-	-	-	-	-	1.191
Revaluations	-	0.833	0.172	-	-	-	-	-	1.005
Reclassifications	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Depreciation 31 March</b>	<b>-</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00</b>
<b>Net Book Value 1 April</b>	<b>-</b>	<b>50.299</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50.299</b>
Movement in Year	-	1.467	-	-	-	-	-	-	1.467
<b>Net Book Value 31 March</b>	<b>-</b>	<b>51.766</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51.766</b>
Made up of:									
Owned	-	-	-	-	-	-	-	-	-
Finance Leased	-	-	-	-	-	-	-	-	-
PFI / Managed Equipment Service	-	51.766	-	-	-	-	-	-	51.766
Donated & Granted	-	-	-	-	-	-	-	-	-
<b>Net Book Value 31 March</b>	<b>-</b>	<b>51.766</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51.766</b>

## Note 17 Property Plant and Equipment – Group

### Group Property Plant and Equipment - as Restated

	31st March 2019 Group								
	Land £m	Buildings & Structures £m	Dwellings £m	Assets under Construction £m	Plant & Machinery £m	Transport Equipment £m	IT Equipment £m	Furniture & Fittings £m	Total £m
Gross Book Value 1 April	16.749	345.866	0.214	5.191	64.105	0.109	6.954	3.528	442.716
Transfers by Absorption	6.938	89.945	1.862	2.412	21.499	0.313	11.606	1.884	136.459
Purchases	-	5.935	-	28.145	2.172	-	0.522	-	36.774
MES Additions	-	-	-	1.379	4.020	-	-	-	5.399
Grants & Donations	-	-	-	0.023	0.261	-	0.037	-	0.321
Impairments	-	(18.076)	(0.369)	-	-	-	-	-	(18.445)
Revaluation Loss	-	(2.559)	(0.125)	-	-	-	-	-	(2.684)
Revaluation Gain	3.280	14.196	(0.066)	-	-	-	-	-	17.410
Reclassifications	-	2.308	-	(3.556)	(0.629)	0.138	0.321	0.704	(0.714)
Disposals	-	-	-	(0.106)	(5.814)	(0.014)	(0.264)	(1.861)	(8.059)
<b>Gross Book Value 31 March</b>	<b>26.967</b>	<b>437.615</b>	<b>1.516</b>	<b>33.488</b>	<b>85.614</b>	<b>0.546</b>	<b>19.176</b>	<b>4.255</b>	<b>609.177</b>
Depreciation 1 April	-	5.972	0.012	-	36.551	0.084	3.198	2.714	48.531
Transfers by Absorption	-	8.761	0.286	-	14.981	0.255	8.822	1.625	34.730
Provided in year	-	5.200	0.055	-	7.571	0.021	1.473	0.402	14.722
Revaluations	-	(19.932)	(0.353)	-	-	-	-	-	(20.285)
Reclassifications	-	-	-	-	(0.872)	0.130	(0.025)	0.504	(0.263)
Disposals	-	-	-	-	(5.514)	(0.014)	(0.264)	(1.860)	(7.652)
<b>Depreciation 31 March</b>	<b>-</b>	<b>0.00</b>	<b>0.000</b>	<b>-</b>	<b>52.717</b>	<b>0.476</b>	<b>13.204</b>	<b>3.385</b>	<b>69.783</b>
<b>Net Book Value 1 April</b>	<b>16.749</b>	<b>339.894</b>	<b>0.202</b>	<b>5.191</b>	<b>27.554</b>	<b>0.025</b>	<b>3.756</b>	<b>0.814</b>	<b>394.185</b>
Movement in Year	10.218	97.720	1.314	28.297	5.343	0.045	2.216	0.056	145.209
<b>Net Book Value 31 March</b>	<b>26.967</b>	<b>437.614</b>	<b>1.516</b>	<b>33.488</b>	<b>32.897</b>	<b>0.070</b>	<b>5.972</b>	<b>0.870</b>	<b>539.394</b>
Made up of:									
Owned	26.967	112.978	1.516	33.463	15.512	0.056	5.756	0.602	196.850
Finance Leased	-	1.005	-	-	0.254	-	-	-	1.259
PFI / Managed Equipment Service	-	323.420	-	-	14.037	-	0.082	0.009	337.548
Donated & Granted	-	0.211	-	0.025	3.094	0.014	0.134	0.259	3.737
<b>Net Book Value 31 March</b>	<b>26.967</b>	<b>437.614</b>	<b>1.516</b>	<b>33.488</b>	<b>32.897</b>	<b>0.070</b>	<b>5.972</b>	<b>0.870</b>	<b>539.394</b>

## Glossary

Term	Meaning
<b>A&amp;E</b>	Accident and Emergency
<b>BAF</b>	Board Assurance Framework
<b>BAME</b>	Black and Asian Minority Ethics
<b>BBC2</b>	British Broadcasting Company Channel 2
<b>BHFT</b>	Burton Hospitals NHS Foundation Trust
<b>BPPC</b>	Better Payment Practice Code
<b>BSc</b>	Bachelor of Science Degree
<b>C.Diff</b>	Clostridium Difficile
<b>CBE</b>	Commander of the British Empire
<b>CCG</b>	Clinical Commissioning Group
<b>CEO</b>	Chief Executive Officer
<b>CHP</b>	Combined Heat and Power
<b>COP</b>	Coefficient of performance
<b>CPU</b>	Catering Central Production Unit
<b>CQC</b>	Care Quality Commission
<b>CT Scan</b>	Computerised Tomography Scan
<b>DCHS</b>	Derbyshire Community Health Services NHS Foundation Trust
<b>DHCT</b>	Derbyshire Healthcare Foundation Trust
<b>DHSC</b>	Department of Health and Social Care
<b>DHSC GAM</b>	Department of Health and Social Care Group Accounting Manual
<b>DRC</b>	Depreciated Replacement Cost
<b>EUV</b>	Existing Use Value
<b>FReM</b>	Financial Reporting Guidelines
<b>FT</b>	Foundation Trust
<b>GAD</b>	Government Actuaries Department

<b>GAM</b>	Group Accounting Manual
<b>GBS</b>	Government Banking Service
<b>GIA</b>	Gross Internal Floor Area
<b>GIRFT</b>	Getting It Right First Time
<b>GP</b>	General Practitioner
<b>HM Treasury</b>	Her Majesty's Treasury
<b>ICS</b>	Integrated Care System
<b>ICU</b>	Intensive Care Unit
<b>IFRIC</b>	International Financial Reporting Interpretations Committee
<b>IFRS</b>	International Financial Reporting Standards
<b>ISAs</b>	International Standards on Auditing
<b>KPI</b>	Key Performance Indicators
<b>MR</b>	Magnetic Resonance Imaging
<b>NED</b>	Non-Executive Director
<b>NEST</b>	National Employment Savings Trust
<b>NHS</b>	National Health Service
<b>NHSE</b>	NHS England
<b>NHSI</b>	NHS Improvement
<b>NHSLA</b>	NHS Litigation Authority
<b>NMC</b>	Nursing and Midwifery Council
<b>OBE</b>	Officer of the British Empire
<b>OD</b>	Organisational Development
<b>OPIs</b>	Output Price Indices
<b>PCs</b>	Computer
<b>PDC</b>	Public Dividend Capital
<b>PMMs</b>	Performance Management Meetings
<b>PPE</b>	Property, Plant and Equipment

<b>PSF</b>	Provider Sustainability Funding
<b>RICS</b>	Royal Institute of Chartered Surveyors
<b>RO</b>	Renal Reverse Osmosis
<b>ROE</b>	Retention of Employment
<b>RPI</b>	Retail Price Index
<b>RTT</b>	Referral to Treatment
<b>SDAT</b>	Sustainable Development Assessment Tool
<b>SIRO</b>	Senior Information Responsible Officer
<b>SOCI</b>	Statement Of Comprehensive income
<b>SORP</b>	The Charities Statement Of Recommended Practice
<b>Toolkit</b>	Data Security & Protection Toolkit
<b>UHDB</b>	University Hospitals of Derby and Burton NHS Foundation Trust
<b>UHNM</b>	University Hospitals of North Midlands
<b>UKCP18</b>	UK Climate Projections 2019
<b>WDES</b>	Workforce Disability Equality Standard
<b>West Midlands HFMA</b>	West Midlands Healthcare Financial Management Association
<b>WRES</b>	Workforce Race Equality Standards
<b>WTE</b>	Whole Time Equivalent