NHS
Birmingham and Solihull Mental Health
NHS Foundation Trust

Annual report and accounts

2021/22

compassionate

inclusive

committed

Birmingham and Solihull
Mental Health NHS Foundation Trust

Annual Report and Accounts 2021/22

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

Contents

The Strategic report has been prepared in accordance with sections 414A, 414C and 414D of the Companies Act, as interpreted by the FReM (paragraphs 5.2.6 to 5.2.11) and in accordance with the direction issued by NHS Improvement under the National Health Service Act 2006.

The accounts included within the Annual Report have been prepared under direction issued by NHS Improvement under the National Health Service Act 2006.

The purpose of the strategic report is to inform users of the accounts and help them assess how the Directors have performed in promoting the success of the foundation trust.

As Chief Executive, I confirm that the Board of Directors has approved the Annual Report, and Annual Accounts for 2021–22 at their meeting 20 June 2022.

Roísìn Fallon-Williams
Chief Executive
20 June 2022

Performance report

Overview

This overview of performance provides a short summary of the organisation, its purpose, the key risks to achieving our objectives and our performance throughout the year.

Welcome to our Trust

Welcome to Birmingham and Solihull Mental Health NHS Foundation Trust – a message from our Chair and Chief Executive

We are delighted to present our Annual Report and Accounts for Birmingham and Solihull Mental Health NHS Foundation Trust for the period 1 April 2021 to 31 March 2022. The purpose of this overview is to give you a short summary that provides sufficient information to understand the organisation, its purpose, the key risks to the achievement of its objectives and how it has performed during the year. As we look back on what has probably been the most challenging year in living memory, both within the Trust and within the local health and social care system, we will reflect both on the positive developments that we have seen and the not so positive.

This year has been a year like no other – for our trust, the NHS, healthcare organisations and communities everywhere. All of us have been impacted by the pandemic whether staff, patient, carer, service user or family and friends. We want to recognise and celebrate the vital role every member of team BSMHFT has played in these unprecedented times. Our work has been even more challenging with the pandemic as a backdrop and our staff have had to make one of – if not the – biggest adjustments to how we work in our history.

Supporting our staff and their wellbeing (so they are able to provide excellent patient and service user centred care) has been front of mind throughout.

Despite this year's challenges, we are proud to share the positives that we have achieved as a team. We hope that this report provides a balanced view of the Trust's performance during the year, as well as celebrating the dedication and commitment of our staff to provide safe and caring services for our patients, service users, carers and volunteers.

Again, like the previous 12 months, we must acknowledge the significant impact of COVID-19 throughout the year under review. The pandemic has had a major impact on our operations, and we have been deeply moved by our staff's fantastic response to it. We have been overawed by the depths of their courage and commitment and would like to express a huge and heartfelt THANK YOU to each and every one of our staff.

We also want to pay tribute to the five colleagues within the Trust who have lost their lives to this terrible disease. Our sympathies are with their friends and families as they try to come to terms with their loss.

All of our staff, carers and volunteers have worked tirelessly since the outbreak and their dedication, commitment and resolve has made sure that we are ensuring that we keep everyone as safe as possible whilst maintaining the care and safety of all patients and staff.

The unprecedented challenges posed by COVID-19 saw immense efforts made by all at team BSMHFT and an amazing collaborative focus for everyone. Some benefits that did come from the pandemic were the new ways of working and greater flexibility that we believe ought to be maintained - including how we have embraced technology to provide virtual services. The Trust's approach to infection control during the pandemic has led to recognition as a finalist in the Nursing Times Wards for Excellent. Our Infection Prevention and Control Team led by ***Filipe Leitao*** presented a piece of work reflecting the challenges around infection control.

It goes without saying that the Trust has experienced a serious and sustained period of high pressure during the level 4 national incident relating to the pandemic, and this has tested our resilience and ability to respond to and recover from the most challenging period ever experienced by the NHS. However, right across the health economy we saw partnership working and collaboration to face the difficulties and deal with them together. A big THANK YOU to all our partners. Partnership continues to be a top priority for us at the Trust, and even more important through the pandemic. The main driver behind improving our services in 2021/22 has been our continuing commitment to system-wide transformation through the integrated care system (ICS). An ICS brings together hospital, community and mental health trusts, GPs and other primary care services with local authorities and other care providers to work together. By joining care up, the intention is to use collective strength to address the biggest health and care challenges – many of which have been made worse by COVID-19. ICSs aim to reduce health inequalities within our population.

The pandemic continued to shine a light on inequalities, and we are committed to continue to address these inequalities through the successful implementation of our strategy in the next four years.

During the year we welcomed two new Non-Executives for the Board of Directors, Winston Weir and Anne Baines who both join us with significant Board level experience and replaced Joy Warmington and Waheed Saleem.

The commitment and effort of our amazing staff has attracted well-deserved recognition as ***Patrick Nyarumbu***, Director of Strategy, People and Partnerships received a MBE in the Queens New Year's Honours list. ***Marimouttou Coumarassamy***, Associate Director for Secure Care and Offender Health was chosen for the Nurse of the Year Award 2021 by the British Association of Physicians of Indian Origin. Coumar has demonstrated his absolute commitment to our ambition to be an anti-racist, anti-discriminatory organisation. We saw that ***Elizabeth Eze*** from Ladywood and Handsworth Community Mental Health Team won the 2021 Student Nursing Times Ward for the Mental Health category.

Our staff survey tells us that there is much more we need to do to make our Trust a fairer place to work for everyone and enable staff to work better together as teams.

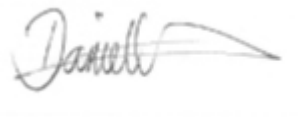
We also recognise that, despite numerous examples of good practice, there have been instances when our focus on quality and safety was not what it should have been and the

learnings from where we fell short will be applied across the organisation with the aim of ensuring that they are not repeated – and we continue to improve.

And we know that the pressures on our finances and resources are real requiring particular focus to manage in the coming months.

However, we are now in the second year of our 5-year strategy and the values we aspire to give us the platform to enable the changes we must make to grow and flourish together as an organisation.

As we look to the future, we will continue to be home to an incredible team that goes the extra mile to put patients and communities at the heart of everything we do.



Danielle Oum
Chair
20 June 2022

Roísìn Fallon-Williams
Chief Executive

Purpose and activities of our Trust

We have a simple and clear purpose:

To provide excellent, compassionate, high quality mental health services that are innovative and involve service users, carers, and staff.

As an organisation, we aim to promote and ensure the following values in every element of our work. We put service users at the centre of everything we do by displaying:

Honesty and openness – We will keep each other well informed through regular communication. We will have honest conversations and explain our decisions.
Compassion – we will bring compassion to all our dealings with service users and carers and expect it in our colleagues.
Dignity and respect – We will respect all those whom we deal with at work, especially our service users and staff and take action to address those who do not
Commitment – We commit to help our colleagues provide the best care services that we can. We will do what we say we will.

The organisation provides a comprehensive mental healthcare service for the residents of Birmingham and Solihull and to communities in the West Midlands and beyond. We operate out of more than 40 sites and serve a culturally diverse population of 1.3 million spread out over 172 square miles and have an annual income of £301m, a dedicated workforce of almost 4,000 staff and a range of local and regional partnerships, making this one of the most complex and specialist mental health foundation trusts in the country. Our catchment population is ethnically diverse and characterised in places by high levels of deprivation, low earnings, and unemployment. These factors create a higher requirement for access to health services and a greater need for innovative ways of engaging people from the most affected areas.

Our strategic ambitions for 2021/2022

We have a five-year strategy covering 2021-2026, and we have four strategic priorities:

Clinical services

Transforming how we work to provide the best care in the right way in the right place at the right time, with joined up care across health and social care.

People

Creating the best place to work and ensuring we have a workforce with the right values, skills, diversity and experience to meet the evolving needs of our service users.

Quality

Delivering the highest quality services in a safe inclusive environment where our service users, their families, carers and staff have positive experiences, working together to continually improve.

Sustainability

Being recognised as an excellent, digitally enabled organisation which performs strongly and efficiently, working in partnership for the benefit of our population.

History and background

The Trust was established as Birmingham and Solihull Mental Health NHS Foundation Trust on 1 July 2009.

This followed the merger of the former Northern and South Birmingham Mental Health NHS Trusts on 1 April 2003 to create the Birmingham and Solihull Mental Health Trust.

Key issues and risks that could affect the Trust

The Trust has identified a number of key risks which are included in its Board Assurance Framework. The high-level risks largely represent the following areas:

Objective	Risk area
Sustainability	Failure of the medium to long term financial sustainability of the Trust due to: • Shortfall of funding for capital projects • Failure to achieve planned annual surplus • Shortfall in cash leading to adverse SOF score
We will champion mental health wellbeing and support people in their recovery	If the Trust does not have effective measures in place to manage the containment and treatment of the Coronavirus / COVID-19 outbreak, then the effectiveness of services provided to service users and the health and wellbeingof staff may be compromised
We will put service users first and provide the right care, closer to home, whenever it's needed	We will be unable to maintain acceptable levels of care if: • There is no sustained investment in mental health and parity of esteem • The number of patients needing our services continues to increase • We cannot recruit and keep suitably qualified staff, particularly in working environments that we do not control such as HMP Birmingham
We will attract, develop and support an exceptional and valued workforce	We will be unable to recruit future staff if our current staff feel undervalued as a result of a failure to: • Recognise and address negative working behaviours such as bullying and harassment • Promote a culture of openness, transparency and fairness • Deliver a diverse workforce that representative of the population that it serves • Address the demand and capacity in the system

Objective	Risk area
We will listen to and work alongside service users, carers, staff and stakeholders	A risk we have not established waiting times and monitoring arrangements for all of our individual areas, which may result in patients deteriorating and requiring hospital care
We will listen to and work alongside service users, carers, staff and stakeholders	Increasing demand on services and insufficient capacity will result in staff being unable to provide quality support or plan a service user's care and recovery in tandem with their family and carers
We will champion mental health wellbeing and support people in their recovery	Our service users will face poorer outcomes if we fail to address their physical health whilst we are providing mental health care.
We will put service users first and provide the right care, closer to home, whenever it's needed	We will be unable to deliver core corporate or clinical services if we succumb to a cybersecurity attack, systems failure or our care records are not fully integrated
We will drive research, innovation and technology to enhance care	There is a risk that we will have insufficient financial resources and/or workforce capacity to invest in research, innovation and technology or exploit any achievements to improve patient care and efficiency
We will work in partnership with others to achieve the best outcomes for local people	Working in partnerships holds financial, reputational and/or quality risks for all parties resulting in poor service outcomes
We will champion mental health wellbeing and support people in their recovery	There is a risk that we will fail to work in a clinically integrated manner for the benefit of patient recovery resulting in poorer outcomes for our service users

Going concern

After making enquiries, the directors have a reasonable expectation that the services provided by the NHS foundation trust will continue to be provided by the public sector for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the accounts, following the definition of going concern in the public sector adopted by HM Treasury's Financial Reporting Manual."

Performance analysis

How we measure performance

We utilise a range of approaches to report and manage performance so that there is aligned understanding from 'Board to ward'.

The Trust has established an Integrated Performance Report which is reviewed by the Trust Board sub-committees. This is based on the Integrated Performance Dashboard which has been in place since early 2018 and describes Trust performance against a holistic range of key performance indicators against four domains, which mirror the current priorities:

- Quality and safety
- Performance (capacity, demand and delivery)
- Culture and people
- Sustainability

The intention is to provide a balanced understanding of the performance of the Trust and its services so that we can see the relationship between the different elements, i.e. rather than individual data, such as numbers of staff and costs, we are interested in understanding, for example, how changes in the workforce impact on cost, quality and contractual performance and which changes add the greatest value.

Commentaries are provided by domain owners for each metric which describe:

- What has happened?
- Why has it happened?
- What are the implications and consequences?
- What are we doing about it?
- What do we expect to happen?
- How will we know when we have addressed the issues?

The Integrated Performance Dashboard is also reviewed at the Trust's Performance Delivery Group attended by Executive Directors, Clinical Directors and Associate Directors on a monthly cycle of review. This cycle has been impacted by the pressures arising from managing COVID-19. However, the Performance Delivery Group provides an opportunity for the senior leaders in the Trust to discuss performance across the domains and across services and patient pathways.

Performance and key issues in the four domains are also reported to the Trust Board sub-committees, the Quality Patient Experience and Safety Committee (QPES), Finance, Performance and Productivity Committee and the People Committee for assurance. Due to the impact of COVID-19 during the course of the year, it should be noted that the Trust Board sub-committee agendas have been covering items by exception and therefore the integrated dashboard domain areas have been discussed by exception.

Following further development work, a new integrated dashboard report went live in April 2021 improving user access and providing drill down capabilities supported by control charts to assess progress and improvement. The next phase of development is to provide a service

level view with an expanded number of metrics which are used by clinical services to manage quality and performance. Integrated care system national indicators have also been added for review to establish the Trust's contribution to the overall system-wide performance, highlighting areas for improvement.

The existing reports that the Trust uses to report and assess performance have been maintained and examples of these and mechanisms we use are outlined below.
The Trust's key performance indicator (KPI) report is published monthly and includes 42 measures, comprising:

- national indicators as outlined in NHSI/E Oversight Framework
- local and commissioner indicators. This includes the Increasing Access to Psychological Therapies targets agreed with commissioners and local workforce measures relating to sickness absence and compliance with appraisal and fundamental training
- the remaining local baseline measures provide contextual understanding of how services are operating and how service users are progressing along the pathway. The measures reported are those that are generically applicable to Trust services.

Examples of measures reported include CPA 7 day follow up, did not attend (DNA) rates, community mental health team diagnosis recording, service users on the care programme approach (CPA) having a formal CPA review in the last 12 months, service users on caseload with no face-to-face contact recorded in the last six and twelve months, length of stay, bed occupancy, delayed transfers of care and emergency readmission rates within 28 days of discharge.

Further intranet-based reporting is also in place with a library of reports to support staff focussing on activity and caseload information, for example length of stay, delayed transfers of care, and organisational reports such as compliance with mandatory training. The reports are refreshed daily to enable proactive management action by operational and corporate teams. These reports have a drill down facility to enable the reports to be viewed at Trust level, divisional level, team level down to service user level (determined by access rights) to support delivery and improvement.

Service specific profile reports (SPRs) are routinely available and refreshed each month. These reports provide a 12-month overview of key service user pathway information such as the number of referrals and discharges, DNA, and cancellation rates, waiting times for those first seen and for those waiting to be seen, demographic information and workforce information. As well as supporting internal benchmarking the reports enable understanding of service specific activity and how service users are managed across care pathways to inform areas for review and improvement. Issues arising are discussed at operational meetings for action and improvement.

Utilisation of available external benchmarking reports to inform local discussions on understanding variation to aid learning and informing the Trust's improvement agenda.

Power BI reports – in conjunction with service leads, we have developed a number of service level reports using the Power BI tool to support operational oversight and decision making. These include a report to look at the demographic characteristics of our service user population and marks the first step in a programme of developments to support our Trust's

work in promoting diversity and inclusion and combating inequalities. This includes breakdowns of caseloads by:

- age, gender and ethnicity
- other protected characteristics – to the extent current data collection allows
- economic status of where people live (using UK Govt Index of Multiple Deprivation).

For 2022-23 we are introducing a new online Service Performance Explorer report for use within the Trust, modelled on CQC monitoring requirements. It will be available to all staff and allow monitoring of trends and comparison of performance between services, teams, sites and professions across a range of clinically focused performance measures.

As part of the national response to support recovery from COVID-19, the Trust actively participated in demand modelling both internally supported by an external partner but also on a West Midlands wide basis led by the Midlands and Partnership Mental Health Foundation Trust.

Quality performance

Once a year, every NHS Trust is required to produce a Quality Account Report. The report will be published on the website in June and includes information about the services the Trust delivers, how well we deliver them and our plans for the following year.

Birmingham and Solihull Mental Health NHS Foundation Trust (BSMHFT) is committed to continuous quality improvement. In creating our quality priorities and goals, we have considered the aspirations in the NHS Long Term Plan; NHS England's Five Year Forward View for Mental Health and NHS Improvement Planning Guidance. We have also engaged with our workforce and our service users and Experts by Experience to ensure that these goals will support the delivery of our Quality Strategic Priority which reflects the local needs of our service users and staff as well as national needs.

A summary of the areas of progress made since the publication of the 2020/2021 Quality Report includes:

Improve patient safety by reducing harm

Our measures of success relating to this priority were defined as:

- Reduction in incidents of prone restraint
- Reduction in incidents of bedroom seclusion
- Reduction in incidents of assault on our inpatient wards
- Reduced level of ligature incidents utilising an anchor point which result in moderate, severe or catastrophic harm to patients
- Reduced level of harm attributable to patients and staff through incidents
- Ensure relevant blood tests and ECGs are performed prior to initiation of antipsychotic medication in all inpatient settings (to increase this by 100% over a three-year period)
- Ensure relevant blood tests and ECGS are performed for outpatients prior to the initiation of antipsychotic medication and annually thereafter for outpatients

prescribed clozapine or depot antipsychotic medication (including Home Treatment Teams), increasing to 100% service users being offered this by the end of three years
- To ensure all episodes of Rapid Tranquilisation (RT) have appropriate physical health recording (as set out in the RT policy) by the end of the first year
- To ensure that all inpatients have the physical health assessment and systemic enquiry checks completed within 24 hours of admission by the end of the first year
- To increase the completion of the alcohol screening tool in our Home Treatment Teams with evidence of appropriate intervention against the March 2021 baseline level

Reducing restrictive practices

Part of our Quality Improvement Programme was the inclusion of a Reducing Restrictive Practices QI collaborative. This involved a multi-disciplinary approach to focused quality improvement activity in targeted inpatient services across Birmingham and Solihull Mental Health Foundation Trust including support from experts by experience.

The collaborative has met regularly throughout 2021–22 to develop and implement a number of improvement cycles. The activity of the collaborative has shown clear results in reducing rates of prone restraint (and restraint in general) and considering normal variation there has been a reduction in bedroom seclusion also.

Reducing harm from anchor point ligatures

We have focused on a range of activity to reduce the frequency and impact of anchor point ligatures within our inpatient services. Activity has included the strengthening of risk assessment and care planning processes and regular monitoring of this to not only ensure that this is taking place but that service users are engaged with this and understand their care plan.

Alongside these relational measures, we have also embarked on a multi-year capital investment programme to improve the safety of our clinical environments. This has included the fitting of ensuite door alarms and anti-barricade systems to reduce the risk of utilising doors as anchor points and increase the response time to emergency situations. The works completed in 2021–22 form part a 3–5-year programme of works designed to improve the environmental safety of our inpatient settings. This means that this will continue to be a quality priority for us into 2022–23.

Reducing harm

We have seen the harm rate of patient safety incidents reported remain low throughout 2021–22 with the % of incidents resulting in harm remaining below the mean value and compared to other benchmarked mental health trusts.

Monitoring of physical health

The Trust takes part in a range of National Audits and delivers local clinical audits in order to test compliance against a range of clinical and practice standards.

A focus on a positive patient experience

This aspect of our priorities puts a clear focus on delivering a high quality experience for service users, families and carers and largely focusses on ensuring that they have a powerful and equal voice in their own care, as well as helping to shape and influence future developments at the Trust to improve the patient experience. We have engaged groups of patients to help us to understand what they would like to see as priorities.

During 2021/22 we set the following goals and detail our achievement below:

- Our monthly multi-disciplinary review audits have identified that in 2021–22 97% of service users in our inpatient services attended their weekly review meeting
- On average 68% of service users confirmed that they received a copy of their care plan in 2021–22
- The development of qualitative measures was delayed by our urgent response to the COVID-19 Omicron variant which required us to focus on COVID outbreak management. The development of qualitative measures is now underway and will be completed in quarter 1 of 2022–23
- We have an established Family and Carer Pathway Collaborative Group which works to improve the way services engage families and carers in supporting the service user journey. The first step in this journey is to record the details of those carers that service users wish us to involve in their support. The proportion of carers recorded on our electronic patient record has remained static at 34% this year. The collaborative will continue to work to improve this position
- The carer engagement tool is designed to work with carers to understand their role and support needs in caring for their loved one who is receiving services. Around a quarter of carers registered on our system have a carer engagement tool available on the system and of those who accepted the offer of this 89% have completed this. The collaborative will continue to roll this process out to more service users and their carers in 2022–23

A focus on quality assurance

Quality assurance is a process to help us continually check that we are meeting the standards of quality of care that we owe to our service users, families, carers and staff. Our regulators such as the Care Quality Commission hold us to account for delivering these standards. The process offers us the basis for assessing whether or not we are continually improving care and can help us identify areas where we need to celebrate great practice as well as focussing on areas that need improving.

We aim to develop a quality assurance framework to underpin and assure us of the quality of our services and care on a continual basis. We will do this with staff, service users, families and carers. This will help us to act quickly to recognise good care and practice, and equally act quickly where improvement is needed.

Serious incidents

During 2021/22 we have completed much of the groundwork to move the investigation of our serious incidents in line with the NHS Patient Safety Incident Response Framework in preparation for the national roll-out of this programme. We continue to work closely with partners across various agencies which support health and social care in Birmingham and Solihull to complete multi-agency reviews where it was evident that a patient involved in a serious incident was receiving care, support or advice from more than one agency. This enables us to take a system wide view on opportunities to improve how agencies can work together for the benefit of patients.

	2018/29	2019/20	2020/21	2021/22
Number of serious incidents reported	91	78	96	82

Never events

Never events are defined as serious incidents that are wholly preventable because guidance or safety recommendations that provide strong systemic protective barriers are available at a national level and should have been implemented by all healthcare providers. We are pleased to report that the Trust has not reported any Never Events during 2021/22.

	2018/19	2019/20	2020/21	2021/22
Number of never events reported	0	0	0	0

Patient experience

The Trust identified the following key indicators for monitoring the quality of service user and carer experience. These were identified in the previous report and following review, they were still deemed to be a priority.

	2019/20	2020/21	2021/22
Patient survey 'do you know who to contact out of office hours if you have a crisis?'	68%	59%	67%
Number of complaints	85	81	109
Timeliness of complaint handling	100%	100%	99.1%
% of dissatisfied complainants	18 returned (20%)	9 returned (11%)	9 returned (8%)
Number of referrals to the Ombudsman	2 0 accepted for re-investigation	2 0 accepted for re-investigation	2 0 accepted for re-investigation
FFT score	91%	94%*	79%

Performance against the relevant indicators and performance thresholds

The following indicators form part of the annexes to the NHS Oversight Framework

National mental health indicators

	NHSE/I Oversight Framework updated in November 2017: National Indicators – 2021/22	National Threshold	2021/22
1	Early intervention in Psychosis (EIP): People experiencing a first episode of psychosis treated with a NICE approved care package within two weeks of referral.	60%	93.8%
2	Improving access to psychological therapies (IAPT): a) proportion of people completing treatment who move to recovery (from IAPT dataset) b) waiting time to begin treatment (from IAPT minimum dataset): within 6 weeks of referral ii. within 18 weeks of referral	 50% 75% 95%	 52.1% 30.9% 84.2%
3	Inappropriate out-of-area placements for adult mental health services (average bed days per month)	n/a	551
4	Admissions to adult facilities of patients under 16 years old	n/a	0%

Our detailed Quality Account can be viewed here: www.bsmhft.nhs.uk/about-us/trust-documents/annual-report

COVID-19

Our continued approach to the pandemic

This year has been an exceptional year. The pandemic was in its second year and has had a far-reaching impact on Birmingham and Solihull's health and care services, which have had to respond to those affected by the virus as well as keeping routine services going through such uncertain times. We have again during the last 12 months operated under a 'command and control' structure as part of the NHS's nationwide response to the pandemic. Services have been flexed throughout the year as the needs of our communities and population have changed. Our approach has focused on adopting and using technology more widely as well as the wellbeing of our staff and service users.

COVID-19 has been the biggest risk we have faced in delivering high quality services. The health economy has continued to address the impact of the pandemic and recovery. We will continue to use governance and risk management arrangements to evaluate the risk. Being informed enables us to put the right mitigations in place to ensure we continue to deliver safe, clinically effective services.

Even before the pandemic, we were working in a challenging economic, social and health context. Working together effectively with organisations, patients, service users and carers has always been important – but now these partnerships are more important than ever in delivering our strategy as we look towards the 'next normal'

Health and safety performance summary

In the last year, the focus of the work of the Health and Safety Team has centred around:

- Supporting and advising the Trust to ensure COVID security during the pandemic. All teams and wards have developed COVID secure risk assessments which detail minimum standards to enable the maintenance of the safety of staff and service users who use Trust premises.
- The strengthening of the Health and Safety Committee structure.
- Ongoing development work on an electronic system to enable better reporting and understanding of the status of actions arising from the different types of health and safety risk assessments.
- There continues to be an increased focus on improving the physical environment, particularly on reducing the ligature risk associated with ensuite doors on inpatient wards. The new door monitoring alarm system has been rolled out on all ensuite doors on one ward in Acute Care and work is underway to install this system across all Acute Care ensuite doors in the first instance.
- Ongoing learning from fire drills and fire incidents to improve our fire safety management system.
- A new system has been agreed to provide security arrangements for acute inpatient services and community hubs to enhance current practice and lead to more therapeutic engagement during these interactions.

Other key points to note are:

- The Trust received no Health and Safety enforcement notices and had no Never Events in 2021/22.
- All CAS alerts were responded to within the given timeframe.
- In 2021/22 there were 22,347 reported untoward incidents
- Incidents of violence and aggression totalled 6,007 in 2021/22. Of this figure 1,142 were as a result of physical assaults on inpatient staff. This compares with 5,532 in the previous year , of which 1,248 were as a result of physical assaults on inpatient staff.
- The number of false fire alarms reported in 2021/22 was 53, a decrease of 49 on the previous year.
- The number of actual fires reported in 2021/21 was 20. Of these 7 were accidental, 2 were wilful/arson and 11 undetermined. The total figure compares with 23 in 2019/20.
- There were 48 (staff) and 444 (service users) Slips, Trips and Falls incidents in 2020/21. In 2021/22 there were 39 (staff) and 494 (service users) Slips, Trips and Falls incidents. A slight increase of 19% for staff and a decrease of 11% for service users
- Personal accidents to staff (excluding slips, trips and falls) accounted for 181 reported incidents which is an increase of 5 from 2020/21
- Excluding cases of COVID-19 in staff, a total of 17 incidents were reported to the HSE under the requirements of RIDDOR in 2020/21

New developments and achievements

Launch of our Trust Five Year Strategy

Following one of the largest engagement exercises we have ever carried out during 2019 and 2020, in April 2021 we launched our Trust Five Year Strategy, which sets out our direction of travel, ambitions and priorities for the next five years.
At the core of the strategy are:

One vision: improving mental health wellbeing.
Three values: compassionate, inclusive and committed.
Four strategic priorities: clinical services, people, quality and sustainability.

Our engagement did not end with the launch of our strategy. As part of the four-week launch campaign we provided a range of engagement tools and exercises for managers and leaders. This enabled them to take a local approach to continue the engagement that was so successful in co-producing the strategy. This included a comprehensive engagement pack, suggested engagement exercises, films, digital and hard copy materials and promotional

items. Teams have continued to be involved in developing and reviewing their priorities and goals so that everyone understands our direction of travel and the role they and their teams have to play. In September, we were 'highly commended' in the NHS Communicate Awards for our approach to engaging staff in the Trust Strategy.

Key partnerships and alliances

Birmingham and Solihull Integrated Care System (ICS)

Integrated care systems (ICSs) are new partnerships between the organisations that meet health and care needs across an area, to coordinate services and to plan in a way that improves population health and reduces inequalities between different groups.

The Trust is a key partner and stakeholder in the Birmingham and Solihull ICS, championing mental health, making sure there is a focus on mental health in the design and development of the ICS alongside physical health and social care. At the heart of the new ICS will be place based working and provider collaboratives to make sure we are making decisions closer to patients and frontline staff.

Birmingham and Solihull Mental Health, Learning Disability and Autism Provider Collaborative

Birmingham and Solihull ICS will have a number of Provider Collaboratives for different care needs, one of which will be Mental Health, Learning Disability and Autism. These Provider Collaborative arrangements will empower providers of care to both commission and deliver services in the future, utilising their specialist operational knowledge to optimise service delivery and outcomes for patients. We have been working closely with partners in the local health and care system over the past year to develop our future plans and governance arrangement for the Provider Collaborative, expecting to have delegated responsibilities in shadow form during 2022/23. Our Trust will be the lead provider and our partners include NHS organisations, third sector organisations and both Birmingham and Solihull local authorities. Our guiding principles are to:

- improve access
- reduce inequalities
- improve safety
- enhance value
- achieve better clinical outcomes
- reduce demand

Provider collaboratives for specialist services

Provider Collaboratives are made up of several organisations coming together to make collective decisions about the design and delivery of health and care services around the needs of a particular group of people (for example, people in a geographical area or people with a shared need).

The Trust is a core partner in three West Midlands wide provider collaboratives for specialist services:

Adult secure care

Reach Out consists of Birmingham and Solihull Mental Health NHS Foundation Trust (lead provider), Midlands Partnership NHS Foundation Trust, St Andrew's Healthcare and Coventry and Warwickshire Partnership NHS Trust. Our clinical model builds on existing specialist forensic outreach services and joins together secure care and step-down providers, third sector organisations and statutory partners (e.g., criminal justice system and social services) across the whole of the West Midlands to deliver Reach Out objectives.

Adult eating disorders

The partnership consists of Midlands Partnership NHS Foundation Trust (lead provider), our Trust, Coventry and Warwickshire Partnership NHS Trust, Elysium and Priory Group. The clinical model aims for consistency in criteria and standards across the West Midlands with centralised bed management and single point of access as well as improved alignment and joint working between inpatient and community providers.

CAMHS Tier 4

Birmingham Women's and Children's NHS Foundation Trust (lead provider) is a wide-ranging partnership includes NHS and independent sector CAMHS providers across the West Midlands including our Trust. The clinical model aims to improve fragmented pathways, redesign the bed configuration across the region so it better meets need, and reinvest in community and step-down services.

We have seen some huge benefits from working together in this way and have already been able to invest in new services, repatriate people from out of area services and avoid new out of area placements.

New urgent care centre

During the year work our Urgent Care Centre opened which provides a therapeutic environment for adults and children at our Oleaster site. This will enhance current Place of Safety and Psychiatric Decisions Unit facilities. Environments will improve patient experience, privacy and dignity, and ensure safe services compliant with safety and safeguarding regulations. This important project will provide appropriate therapeutic and clinical space which is future proofed to meet changing demand. It will be developed alongside a community crisis pathway, provided in partnership with Forward Thinking Birmingham and the voluntary sector.

Recovery, participation and experience

A key element within recovery, participation and experience has been development of the Participation and Experience Team (formerly the See Me Team). The team's new structure will provide greater support into service areas, to increase the focus on experience, and the promotion of the participation of service users and their families from an individual point of service to strategic decision making.

The team, alongside the Recovery for All Team, will be supported by the new Participation, Experience and Recovery Group (PEAR) – a sub-committee of the Clinical Governance Committee.

Alongside these developments sits the emerging EBE Engine Room: a collective who are being supported to eventually co-produce policies and procedures, NICE implementation, and sit on various groups and committees. Working collaboratively with the Quality Improvement Team, a number of EBE Quality Advisors have been recruited and trained to deliver on various QI projects across the organisation.

Establishment of the Lived Experience Action Research Group (LEAR) which has seen the change to the Approvals of Research Policy to include LEAR as a mandatory part of all Research and Innovation across the Trust.

EBE, service users and carers were actively involved in the new Trust Strategy which resulted in a Quality Mark award for co-production.

Launch of the new 'Mental Health Natters' podcast, a fully co-produced platform to talk about all things recovery and mental health, with a number of episodes published including lived experience of CAMHS, Dementia and carer perspectives. Alongside this, the Recovery for All Blog started with a number of individuals, including staff members, sharing personal recovery experiences.

Recovery College for All continued to offer a variety of co-produced courses and sessions, including partnership work with The Recovery Foundation and Aquarius which saw a number of new sessions on offer, using Microsoft Teams to ensure accessibility during the pandemic restrictions.

The Community Mental Health Transformation Programme

This spans across three key organisations – Birmingham and Solihull Mental Health NHS Foundation Trust, Birmingham Women's and Children's NHS Foundation Trust (including Forward Thinking Birmingham) and Birmingham and Solihull Clinical Commissioning Group, as well as the community and voluntary sector. The programme has just completed its first year, and the programme team includes the Co-Production Lead for Experts by Experience – Jazz Janagle, who started in post in January 2022.

The co-production work is an integral part of the programme, to ensure that the voices of service users, their carers and families, are heard, valued and key to any decision-making regarding the programme. Moving away from just engaging/consulting with Experts by Experience (EBEs) once decisions have been made, the programme places a very strong

focus on involving EBEs in full co-production work, from the very start, where EBEs are fully involved in co-designing, co-producing and co-delivering (where possible).
This work involves working closely with the Trust's Participation and Experience Team, and also the Recovery service, as well as key colleagues across the organisation.

There is a group of EBEs who are involved in this programme, with work continuing to recruit a more diverse range of people, to ensure appropriate and meaningful representation of communities across Birmingham and Solihull, and to ensure diversity and inclusivity.

EBEs have been involved/are currently involved in co-designing service user communications for the new service, co-producing training for clinical staff within the programme, agreeing the use of language in the pathway (i.e., more service user-friendly language), and will be involved in emerging specific work around key areas of physical health, personality disorders, eating disorders.

EBEs will also be involved in co-producing an overarching Co-Production Strategy across the Birmingham and Solihull area, and which is inclusive of the community or voluntary sector.

Caring Minds Charity

- During the year we saw the appointment of our Caring Minds Charity Manager, (Louise John) as our first full time, permanent colleague. With a full-time staff member Caring Minds will go from strength to strength in supporting staff, service users and carers and their mental health and wellbeing. We hope that having someone in post will help existing volunteers to feel more supported in their work and new volunteers to come forward and help.

- Thanks to NHS Charities Together and Caring Minds we have been able to offer more support to woman and families facing the dual problems of mental ill health and domestic abuse. We have employed an independent domestic violence advocate (IDVA) and a specialist in supporting women and families from a south Asian background through a partner organisation called ROSHNI.

- A small group of volunteers, with support from Caring Minds, is continuing to develop the Memorial Orchard at the Uffculme Centre. The orchard is a quiet green space sited beyond the allotments at the rear of the Uffculme Centre near to Kings Heath. It was opened earlier this year after a range of new trees and plants were sited there along with benches and an arbour for people to use to take time to remember colleagues, service users, families and friends.

Summerhill Services Limited

Our strategic ambitions

We aim to be the preferred supplier of high quality, efficient, clinically focussed services, and sustainable solutions: by delivering the best health care support services in the eyes of our customers, patients, communities, colleagues, and business partners.

We will earn customer respect and maintain engagement through continuous improvement, driven by integrity, innovation, and efficiency.

With expert knowledge and demonstrable results, we will achieve exceptional operating performance, and shape the future of health care environments.

Business model

The company strategy is to provide efficient, clinically focussed services and sustainable solutions, through a single point of contact for all facilities management and support services to our parent Trust and other NHS organisations across the whole of the Birmingham and Solihull health system.

The company commenced trading on 2 April 2012 and is a wholly owned subsidiary of Birmingham and Solihull Mental Health NHS Foundation Trust (the 'Trust').

The principal activity of the company is to provide a managed property service and an outpatient pharmacy dispensing services. The Company also provides estates and facilities services to the primary care sector within Birmingham and Solihull to over 200 GP practices. In addition, the company provides transport and portering services, net zero carbon management, capital and project management, PFI performance management and consultancy, and a business monitoring, data driven analysis, and reporting service.

The company is governed by and compliant with all applicable Pharmacy dispensing laws and regulations. Insurance cover for the dispensing of drugs to outpatients is primarily provided by the National Pharmacy Association Ltd, General Pharmaceutical Council with additional provision via Newline Insurance Company Limited.

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The subsidiary operated its tenth full year of trading between 1 April 2021 and 31 March 2022. The company now owns, leases, contract manages 48 clinical sites across Birmingham. For most sites, the company provides a full range of high-quality support and facilities management services to deliver a fully managed lease to the Trust. In addition, the company provides an extensive contract and performance management service which covers 17 clinical sites including nine PFI owned and operated sites.
During the year, the company expanded its services to Birmingham and Solihull Clinical Commissioning Group, which included providing expert property and facilities management advice and support to leading GP and primary care network (PCN) providers.

The Company continued to develop its portfolio of services to include a range of transport services, capital project management, as well as a monitoring, data driven analysis and reporting service.

The warehouse and logistics services continue to provide a pick, pack and dispatch service for all PPE for the Trust. This has recently been expanded to include working in partnership with Birmingham Community Healthcare NHS Foundation Trust (BCH) to provide dedicated warehouse space for their Personal Protection Equipment (PPE).

SSL also derives revenue from dispensing drugs which is entirely due from the NHS Foundation Trust and its outpatients attending their hospital appointments and supplying the Trust community outpatients' teams and therefore there is minimal commercial, or market risk associated with the company's principal activity. The parent NHS Foundation Trust is reimbursed for drugs dispensed to NHS patients by NHS England and its commissioners; this then becomes the source of the company's revenue stream.

The company continued its business expansion through the year achieving new contracts and additional revenue from delivering consultancy services and contracts to external NHS trusts and the wider health system. During this financial year the company extended consultancy services to provide expert consultancy services to Birmingham and Solihull Integrated Care System (ICS) and Birmingham Clinical Commissioning Group.

The company continued to work with Birmingham Clinical Commissioning Group to operate and maintain the four RED CARE sites across Birmingham which provided additional emergency care capacity during the COVID-19 pandemic. In addition, we continued to operate the four mobile clinics for Birmingham CCG, which provided a mobile solution to deliver the flu vaccine and COVID-19 vaccine clinics to target more vulnerable and harder to reach patient groups. SSL supported and implemented additional clinical space for a further 21 primary care sites in Birmingham to enable the GPs to commission COVID-19 vaccination centres.

With the expansion of the company's services, the company strategic plan for 2021–2026 is to maintain its quality for the Trust over all its' service centres working with the Trust at all levels from Board to Ward to ensure the optimum level of performance for the healthcare-built environment, review and expand existing services within its parent NHS Trust, as well as expanding services to external NHS trusts, ICS and other Health sectors over the next five years.

Financial performance

Summary financial accounts

This section provides a commentary on our group financial performance for the financial year 2021/22. It provides an overview of our income, expenditure, cash flows and capital expenditure in the year.

The month 12 2021/22 consolidated group position is £1.3m surplus. This is a deterioration of £0.7m compared to the £2m surplus forecast. This is mainly driven by a prudent approach to year end accruals and £0.3m additional cost for out of area costs from West Birmingham identified in month 12. The position includes provisions for annual leave, dilapidations, deferred income and the previously agreed onerous lease relating to Trust Headquarters; all in line with forecast.

The year-end position also includes a break-even position for the Reach Out Provider Collaborative, which went live on 1 October 2021, with BSMHFT as lead provider.

Going concern

The Trust completes a going concern assessment each and every year and checks that this is consistent with the assessment by its subsidiary Summerhill Services Limited (SSL), as there is some degree of interdependence.

Like many NHS Trusts we rely on custom and practice. As in previous years, the Board has stated that it considers that the group has adequate resources to continue in operational existence for the foreseeable future and the accounts have been prepared on a going concern basis. In reaching this decision, the Board considered the medium-term financial plans of the organisation including income and expenditure, the capital programme and associated funding, cash, and financial performance indicators.

The current COVID-19 national emergency creates many new risks, but the Trust is not at any greater risk than all other NHS organisations.

Financial performance

The Trust wholly owns a subsidiary Summerhill Services Limited, the results of the subsidiary company have been consolidated with those of the Trust to produce the group financial statements contained in this report and referred to in this commentary.

The Financial Regime used during 2021/22 was a continuation of the one used in the second half 2020/21 via a system-based approach. It split the year into 2 segments H1 (period April 2021 to September 2021) and H2 (period October 2021 to March 2022). The system funding allocations for growth, top-up and COVID were allocated to partners by mutual agreement.

Our year end position is an operational income and expenditure deficit of £1.3m before considering any adjustments for exceptional items. Our adjusted financial performance is a surplus of £1.3m this adjustment is due to the removal of exceptional items relating to impairments of £2.6m as a result changes in markets prices during the year end revaluation.

The remaining £1.3m of amounts relating to impairments remain attributable to the adjusted financial performance as they relate to a prudent approach to costs associated with preparatory works for the redevelopment of Reaside and Highcroft. This formally recognises that the progression of these schemes is now only possible rather than probable.

Table 1: Consolidated financial performance 2021/22 and 2020/21

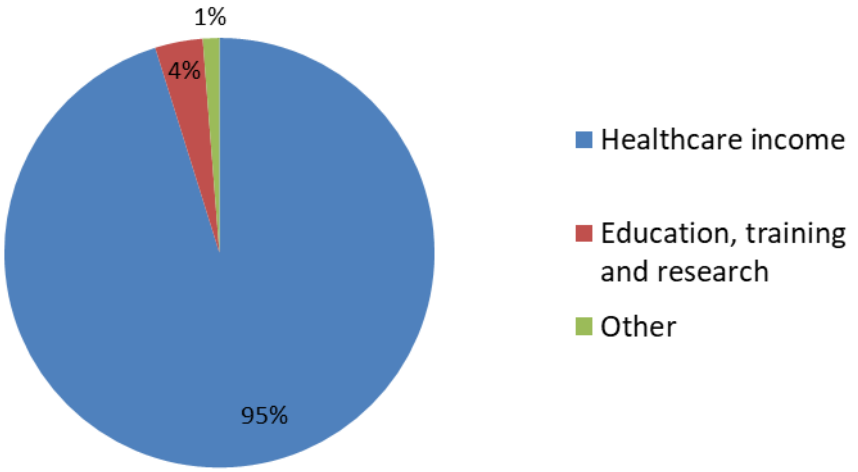
	2021–22	2020–21
Income from activities	293,476	247,451
Other operating income	72,097	53,604
Total income	**365,573**	**301,055**
Operating expenses	(347,415)	(288,250)
EBITDA	**18,158**	**12,805**
Capital financing costs	(15,222)	(14,226)
Revaluation/(impairments)	(3,838)	(34)
Profit/(loss) on asset disposal	(89)	-
Corporation Tax	(294)	(306)
Surplus/(deficit) for the year	**(1,285)**	**(1,761)**
Adjusted financial performance:		
Surplus/(deficit) for the year	(1,285)	(1,761)
Add back all I&E impairments/(revaluation)	3,838	34
Surplus/(deficit) before impairments and transfers	**2,553**	**(1,727)**
Retain impact of DEL I&E (impairments)/reversals	(1,283)	-
Adjusted financial performance surplus/(deficit)	**1,270**	**(1,727)**
Operating surplus margin	0.70%	-0.57%
EBITDA margin	4.97%	4.25%

Income

In the financial year 2021/22 the group generated income of £366m. For the whole of 2021/22 a system-based approach was used with system allocations for growth, top-up and COVID being allocated to partners by mutual agreement.

The chart below shows a breakdown of our income. Most of our income (95%) comes from our local and national commissioners for the delivery of healthcare services. We continue to be a major provider of education and training in the West Midlands and so this represents approximately (4%) of our income. The Trust has met the requirement under section 43(2A) of the NHS Act 2006 that the income from the provision of goods and services for the purposes of the health service in England is greater than the income from the provision of goods and services for any other purposes. Under section 43(3A) of the NHS Act 2006 the Trusts other income that has been received has not had a significant impact on its provision of goods and services for the purposes of the health service in England.

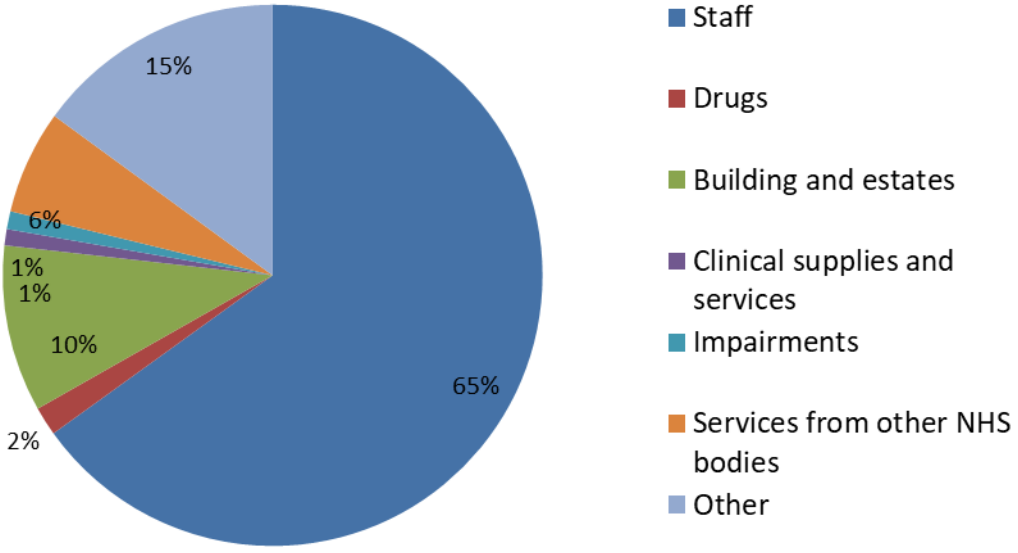
Figure 1: Where BSMHFT's income comes from – 2021/22



Expenditure

The chart shows that our staff are our most valuable and significant part of our expenditure. However, we also operate from over 44 sites across Birmingham and Solihull and so the cost of our estate is also a significant proportion of our overall spend.

Figure 2: What expenditure was incurred by BSMHFT – 2021/22



Cash flow

At the end of the financial year, we have a cash balance of £54.8m (this includes Reach Out). This position means that our organisation can meet its short and medium-term financial obligations. There were no investments made in the financial year as per our Treasury Management Policy as interest rates fell so the investment would have not maximised the interest received from our main Government Banking accounts (GBS).

Overview of capital investment and asset values

The 2021/22 Group capital expenditure outturn was £11.5m. This is £1.3m above the original plan, mainly due to additional PDC funding of £2.5m for Shared Care Records (not in original plan) partly offset by £0.9m on door sets. This is mainly due to a review of VAT treatment following receipt of invoices, and the successful completion of negotiation with suppliers on unit price per door set.

During March, it was confirmed that the disposal of Ross House, expected to be realised in month 12, will not complete until 2022/23. If capital expenditure did not reduce to offset this, the CDEL envelope would be exceeded. There was also a system request in month 12 to determine if any organisation could underspend to offset an identified capital overspend of £0.25m within the system. Both the disposal slippage and the system request could be managed within the overall capital programme outturn, ensuring that CDEL remained in line with forecast less the agreed system underspend of £0.25m.

The year-end revaluation of the group estate which in line with the previous year was conducted on a Modern Equivalent Asset (MEA)-alternative site valuation methodology, resulted in an overall impairment charged to the income and expenditure account of £2.555m and an overall reversal of impairments charged to the revaluation reserve of £9.283m. This exercise does not have an impact on our cash and ensures that the true value of the Trust’s assets is recorded in the balance sheet and assists in future financial planning.

External audit

The Council of Governors appointed Mazars LLP as external auditors of the Trust for the three years commencing 2019/20 following a competitive tender exercise. The audit fee for the year ended 31 March 2022 was £52.9k (2020/21: £52.1k) for the Trust's annual report and accounts, £0k (2020/21: £0k) for the Trust's quality accounts (due to the changes in the requirements regarding COVID-19) and £12.1k (2020/21: £12.1k) for Summerhill Services Limited, totalling £65.0k (£64.2k for the year ended 31 March 2021) excluding VAT.

From April 2015, NHS foundation trust auditors are required to follow an audit code issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General. This was the fee for an audit in accordance with the Audit Code issued by NHS Improvement.

Directors of the Trust have confirmed there is no relevant audit information of which the auditor is unaware and that directors have taken steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of the information. In addition to the audit of the financial statements, Mazars LLP also provided additional audit work (i.e. work for our subsidiary).

In 2017/18 as part of the new Auditor Guidance Note (https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2020/01/Code_of_audit_practice_2020.pdf) there are now a list of prohibited non audit services, this includes tax services relation to the preparation of tax forms and provision of tax advice. Under the new legislation these services are prohibited. The following threats and safeguards are in place to ensure Auditor objectivity and independence. Mazars LLP does not support the Company in making or negotiating any changes, contract or disputes with other parties. The Audit Committee carries out a review of the effectiveness of the External Auditor following the completion of each annual audit, assessing the External Auditor's performance against an agreed framework and seeking the views of officers of the Trust, and reports the outcome of that review to the Council of Governors, together with a recommendation as to whether the External Auditor should be re-appointed for the following year (depending on the length of the contact in place).

Public sector pay policy

Our Trust adopts a Better Payment Practice Code in respect of invoices received from NHS and non-NHS suppliers. The code requires our Trust to aim to pay all undisputed invoices within 30 calendar days of receipt of goods, or a valid invoice (whichever is later), unless other payment terms have been agreed. To meet compliance with this target at least 95 per cent of invoices must be paid within 30 days, or within the agreed contract term. Our Trust's performance against target is summarised in the table below:

Table 2: Better Payment Practice Code performance

	2021/22 Number	2021/22 £'000	2020/21 Number	2020/21 £'000
Total NHS invoices paid in the period	543	32,012	622	15,930
Total NHS invoices paid within target	538	31,981	614	15,899
Percentage of NHS invoices paid within target	99.1%	99.9%	98.7%	99.8%
Total non-NHS invoices paid in the period*	36,250	135,209	38,132	106,980
Total non-NHS invoices paid within target	34,905	134,346	36,606	105,751
Percentage of non-NHS invoices paid within target	96.3%	99.4%	96.0%	98.9%

Management of working capital balances, in particular aged balances are reviewed on a regular basis by senior management and escalated where necessary.

Financial risks

The Trust has a treasury management policy which is implemented by the finance department. The Trust has assessed that it is not subject to any significant financial risks in relation to financial instruments:

- Currency risk – the Trust is a domestic organisation with the majority of transactions conducted in £sterling, therefore exposure to currency risk is low.
- Interest rate risk – borrowings are from the Government and interest is fixed for the life of the loan, therefore exposure to fluctuations in interest rates is low.

- Credit risk – majority of our income comes from contracts with other public sector bodies and so there is low exposure to credit risk. Cash deposits are only placed on a short-term basis with highly rated UK banks or HM Treasury.
- Liquidity risk – operating costs are incurred under contracts with public sector bodies, financed from the Government. Exposure to liquidity risks is considered to be low.

Looking forward

Looking forward to 2022/23, the challenging financial times will continue although the requirements involved in dealing with the coronavirus pandemic have made this difficult to quantify. The Trust, alongside all system partners, have been allocated a share of resources given to the Birmingham and Solihull system. The Trust has also benefitted from significant additional funding, allocated to mental services to meet the requirements of the Long Term Plan.

The Trust will continue to explore opportunities for savings but will need to be mindful of the clinical and operational requirements in dealing with the pandemic in the first instance.

Reducing the cost of fraud in the NHS

Fraud in the NHS is a drain on the valuable assets meant for patient care and costs the health service a substantial amount. The situation is improving year on year as recovery of money, prosecution of offenders and awareness of the issue continues to build. However a considerable amount of money is still lost through patient, practitioner and staff fraud. The NHS Counter Fraud Service aims to reduce this to an absolute minimum, and maintain it at that level. BSMHFT has in place a team of Local Counter Fraud Specialists (LCFS) who are the first line of defence against fraud. Their role includes raising awareness of the risk of fraud among staff, reducing the risk through a programme of proactive work and, in the event of suspicion being raised, conducting formal investigations.

Additional information

The accounts have been prepared under a direction issued by NHS Improvement under the National Health Service Act 2006.

The accounting policies for pensions and other retirement benefits are set out in note 1 to the accounts and details of senior employees' remuneration can be found in the Remuneration Report. The NHS Foundation Trust has complied with the cost allocation and charging requirements as set out in the HM Treasury and Office of Public Sector Information guidance.

Summary financial statements

The Annual Report includes summary financial statements. A full set of accounts is available on request by contacting The Executive Director of Finance, Finance Department, B1, 50 Summer Hill Road, Birmingham, B1 3RB.

Independent inspections, assessments, and awards

Care Quality Commission (CQC)

The Trust has been rated overall as “requires improvement” by the Care Quality Commission following their inspection in November 2018. The full inspection report was published on the 5 April 2019 and can be found here at https://www.cqc.org.uk/provider/RXT?referer=widget3

The follow up inspection with the CQC was scheduled for April 2020, however, with the current Coronavirus pandemic, this will now be rescheduled to a later date in 2022.

The CQC issued a section 64–65 notice to the Trust in August 2020 following concerns about ligature risks.

A focussed inspection followed, and section 31 enforcement action was taken in relation to two matters of concern, quality of care planning and ligature risks in the physical environment. The enforcement action resulted in conditions being applied to our registration for all acute inpatient services and one dementia and frailty ward. The Trust is closely monitoring and governing the associated improvement plan around these areas and is making monthly monitoring submissions to the CQC on progress, along with participation in monthly monitoring meetings with the regulator.

Social, community engagement, anti-bribery and human rights issues

Community engagement

Compassionate and committed colleagues from across our Trust stepped up to deliver clothes, children’s accessories, and household goods for Afghan refugees this Christmas. Sue Hanley in our Bipolar Disorder Services Team made a first collection of items was made earlier this year. Susanne Gibbs from Longbridge Health Centre also coordinated a collection and many other colleagues dropped in nappies, food and clothes to the Uffculme Centre. Coordinated by John Tossell.

Much of our community engagement was done virtually using a range of platforms. The work of the Shifting the Dial Programme and the Syrian Refugees Vulnerable Persons Resettlement Scheme was able to continue and develop as all sessions moved online.

In partnership with the Association of Jamaican Nationals and Making Connections Work we delivered a series of mental health and wellbeing webinars. Birmingham Healthy Minds and our Spiritual Care service were joined by partners including Cruse Bereavement, Papyrus, Pause, Cultural Connections, WAITS, Bethel Health and Wellbeing Network and Catalyst for Change to discuss access to services, and offer information, support and signposting.

Staff have been involved in initiatives with partners to maximise engagement with communities to promote important public health messages around COVID-19 and encourage access to services.

As the vaccine has been rolled out, we have participated as panellists on various 'myth busting' webinars with Q and As, to counter some of the 'fake news' and rumours that have been circulating in communities. As a result of such positive engagement, a Birmingham Mosque was the first in the country to offer the COVID-19 vaccine which has encouraged other mosques and faith and community centres to come forward, giving greater confidence to communities.

Anti-bribery

We are committed to full compliance with the Bribery Act 2010 and have a zero-tolerance approach to bribery and corruption, undertaking due diligence on third parties with whom we work to ensure they have high ethical standards, and our reputation will not be compromised by our association with them. Our latest Counter Fraud and Anti-Bribery Policy was ratified in April 2016 and established a framework that:

- improves the knowledge and understanding of everyone in the Trust, irrespective of their position, about the risk of bribery and its unacceptability
- assists in promoting a climate of openness and a culture where staff feel able to raise concerns sensibly and responsibly
- sets out the Trust's responsibilities in terms of the deterrence, prevention, detection and investigation of bribery and corruption
- ensures the appropriate sanctions are considered following an investigation

This policy works in conjunction with the Declarations Policy which was updated in January 2021 and provides guidance on the process to be followed should sponsorship, gifts and/or hospitality be offered to any member of staff by commercial organisations or generally in the course of the performance of their duties.

Human rights

The Human Rights Act underpins the requirements of the NHS Constitution and speaks directly to the requirements for Freedom, Respect, Equality, Dignity and Autonomy to be provided to all.

Our induction training programme has included an introduction to human rights since November 2013, and this is also part of the equality and diversity e-learning programme that was introduced in 2014/15. Our Equality Analysis Guidance and Assessment Tool considers human rights and the tool forms part of our project management system. Protection of human rights is covered in our new Equality, Inclusion and Human Rights Policy, which was ratified in July 2018 and superseded the previous Equal Opportunities Policy. Equality and human rights analysis are considered as part of all papers submitted to the Trust Board and its committees.

Important events since the end of the financial year

There have been no significant events since the end of the financial year affecting our Trust.

Overseas operations

The Trust has no operations outside of the UK.

Sustainability and climate change 2021/22

Introduction

This report has been produced by Summerhill Services Ltd (SSL) on behalf of Birmingham and Solihull Mental Health Foundation Trust (BSMHFT) and is representative of the whole of the Trust 'group' estate.

This report will, as always, include performance data for the financial year (in this case 2021/2022) along with a comparison against previous years.

The COVID-19 pandemic has had significant impact on wider sustainability matters and has set many initiatives back several years. It has also however challenged very significantly the way in which businesses operate and their need for change, indeed for many home working or blended working has become the norm. The BSMHFT Home Working Policy / Strategy should help to inform future planning and business decisions and should further support the next iteration of the Estates and Facilities Strategy.

Sustainability, Greener NHS Workstreams and Carbon Net Zero are really helping this agenda to gain momentum. Indeed, behind other Global events Sustainability is receiving considerable focus and the NHS (each Trust) is being placed under scrutiny in the way it delivers its' Sustainability objectives, moves towards Carbon Net Zero and the impact / benefits or emerging roles of the ICO/ICS are considered.

SSL have written a Sustainability Strategy and Action Plan and Green Plan for and on behalf of the Trust that seeks to encompass key messages, targets, and deliverables. This Strategy and Action Plan will be updated in 2022/23 to include baseline data which is currently being considered for consistency in scope across the Region / ICS before inclusion. It is also being considered (given the Trusts Sustainability strategic goal) to re badge this as 'Carbon Net Zero – our Green Plan'.

Success

The Trust (supported by SSL) is already delivering against the sustainability agenda with excellent results that perhaps should be shared more!

- Already achieved over 99% diversion of all waste streams – meaning that less than 1% of its waste goes to landfill.
- Purchases 100% of its directly purchased electricity from Carbon Zero sources
- Has reduced its CO_2 equivalent omissions by circa 55% from its original 2007/08 baseline year.
- Will during 2022/23 have at least 35% of its business fleet either Hybrid Electric or Fully electric.

- Governance – It is also great news to report, as well as having a Strategic framework that the agenda now has both an Executive Director and Non-Executive Director sponsor – to lead and challenge the organisation, working with all staff in the organisation (including the decision makers!) to make Sustainable change happen – the right choices!
- Has key managerial drivers and leaders in the SSL Corporate Property and Sustainability and Director of Operations.

Carbon Net Zero

Many will no doubt have heard of the NHS commitment to be Carbon Net Zero by 2040 with interim targets of 80% reduction by 2030 to 2032. For completeness Carbon Net Zero does not mean Zero Carbon as it is recognised that the NHS will still need to travel / use fuels for heating etc that are not Zero Carbon. The net refers to the offsetting of Carbon that is used by supporting schemes worldwide including the preservation of swamps and rainforests and reducing deforestation. For the Trust and SSL this Zero Net Carbon commitment is a significant challenge. For instance, at this time 95% + of all heating across the estate is provided by gas fired boilers – this would need to change.

This is a massive agenda and a huge challenge, and the Public Sector / NHS are only really scratching the surface at what will need to be done and what will need to change to achieve this ambitious milestone.

Performance analysis – carbon management

For the purpose of this report and continuity of reporting the Carbon performance has been completed in the same manner as completed since 2007/08. However, it is recognised that this may change for 2022/23 FYE given the work pending on a full baseline review.

This year has seen a very significant decrease in scope 1 and some scope 2 (where available) CO_2 equivalent tonnages reported. (scope 1 and 2 emissions included within this metric being gas, electric, waste and travel). This representing a 55% reduction against our own 2007/08 baseline.

This being primarily because of three reasons:

- An extremely significant decrease in the ‘grey’ miles travelled in staff cars for work purposes (where expenses are claimed as way of gaining data) having decreased from pre-pandemic levels of nearly 2 million miles per annum to 621,932 miles during 2021/22. A massive reduction – showing the values of new ways of working! (Data not obtained in 2020/21 due to pandemic priorities). It will be interesting to see how this changes as a new “business as usual” is established.
- Continued effective waste management – less than 1% to landfill.
- The electricity being purchased by SSL/BSMHFT is now being purchased from Green/Zero carbon sources and as such this has led to a significant decrease in associated carbon tonnages.

A breakdown of CO_2 equivalent tonnages is as follows:

Year	Electricity, gas and oil (tCO_2) (Taken from properties where actual data is available)	Transport (inc. grey fleet vehicles and fleet vehicles) (tCO_2)	Waste (tCO_2)	Total (tCO_2)
Baseline year of 2007/08 including waste, energy and transport				12,353
2017/18	9,759	779	10	10,547
2018/19	9,209	723	11	9,943
2019/20	9,402	704	11	10,163
2020/21	9,280	704 (not confirmed – data not obtained)	0	9,984
2021/22	5,182	283	0	5,465

Waste management (domestic, clinical, electrical and confidential)

Waste both healthcare (clinical/offensive) and domestic as disposed of by the Trust has as you would expect been stable in 2021/22. The current pandemic has had a massive impact on this agenda and strategy given the millions of single use PPE items being disposed of on a daily basis. Costs have increased largely due to pre-determined and contractually agreed uplifts in costs.

Waste	Non-financial 2020/2021	Non-financial 2021/2022
Total waste arising	820 tonnes	812 tonnes
Waste sent to landfill	0 tonnes	0 tonnes
Waste recycled	125 tonnes	127 tonnes
% of waste recycled/recovery	99+%	99+%
Waste incinerated (waste to energy)	695 tonnes	684 tonnes

	Financial data 2020/2021	Financial data 2021/2022
Total expenditure on waste disposal	£215,837	£235,954

It is anticipated that if/as the pandemic reduces its impact then waste arisings should decrease but with continued reliance on PPE it is difficult to see in the short term how such volumes will reduce to pre COVID levels.

Food waste or co-mingled recycling – food waste segregation and recycling is at pilot stage but will be expanded to include all sites with production kitchens during 2022/23. Co-mingled recycling will also be offered to sites on a ‘opt-in basis’ from Summer 2022.

Finite resources (electricity, gas and water)

It is impossible not to have read and/or already been affected by the ‘Massive’ increase in the costs associated with electricity and gas and the financial impact and challenges that these massive increases will bring. The Trust and SSL will be affected like all organisations (except those that self-generate their own renewable energy) by these price increases. The full impact of the increase will not be felt until 2023/24 for BSMHFT. This is because the

energy procured for the Barberry, Oleaster and Zinnia was undertaken on an advanced purchase basis and thus the organisation will continue to pay pre-price increase prices throughout much of 2022/23 for that proportion of its estate. However, by 2023/24 onwards all of the estate will be subject to the impact.

For 2022/23 whilst recognising the strength of the estate a cost pressure of circa £800K has been predicted

Looking back however at 2021/22

Gas consumption and costs

- Gas consumption in 2021/22 across the whole estate was on average circa 5% lower than in 2020/21.

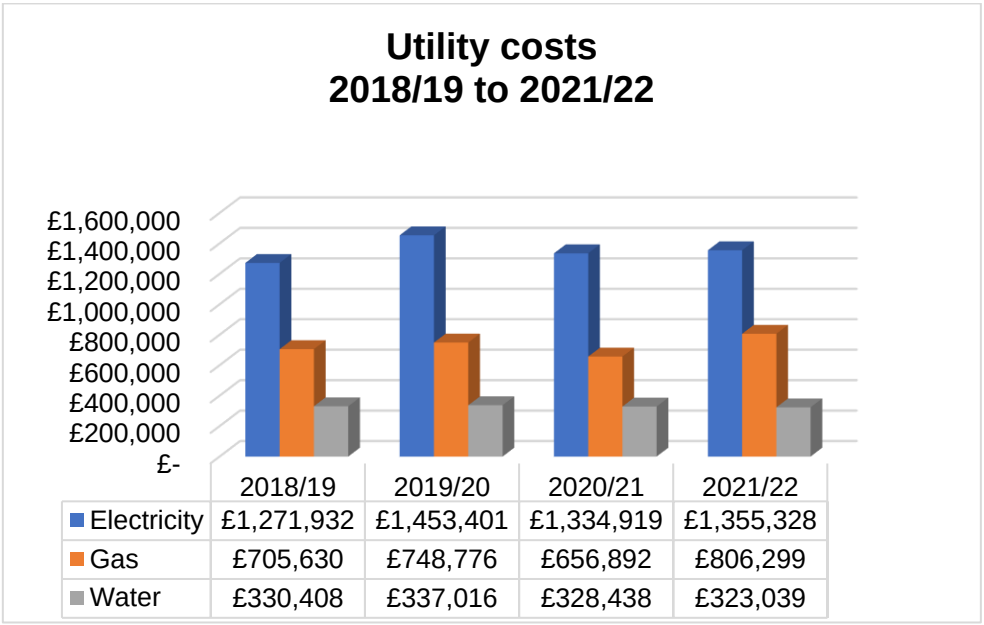
- Financially this reduction mitigating to a small degree the increases already being felt within the Trust due to massive price increases associated the procurement of Gas and Electricity. In 2021/22 gas costs increased by circa 23% against 2020/21.

Electricity consumption and costs

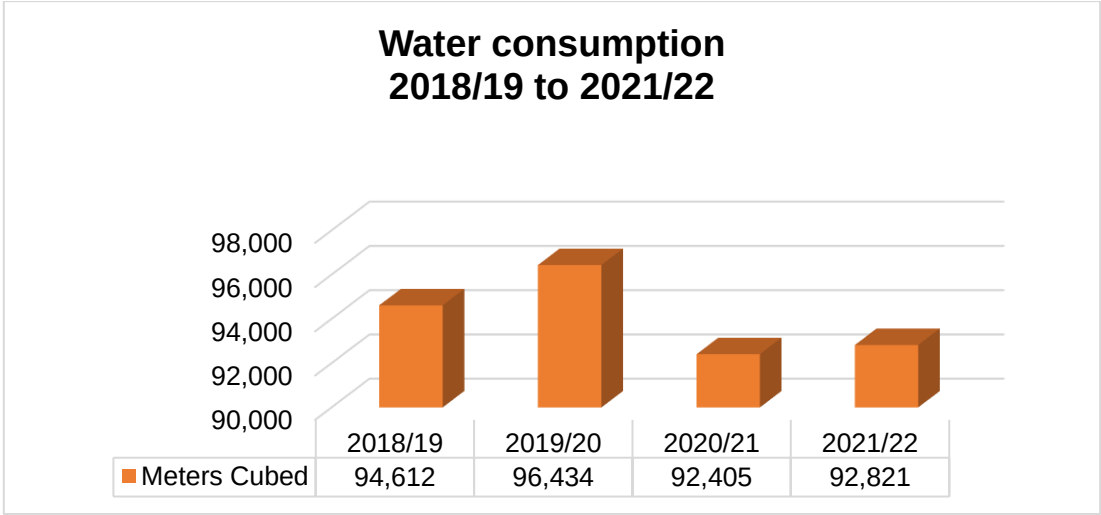
- Electricity consumption in 2021/22 was circa 6% lower than that of 2020/21 – A significant achievement given that if anything more staff will have been in the workplace during 2021/22 than in 2020/21. This we believe showing also the value of investment being made consistently to improve the environmental quality of the estate

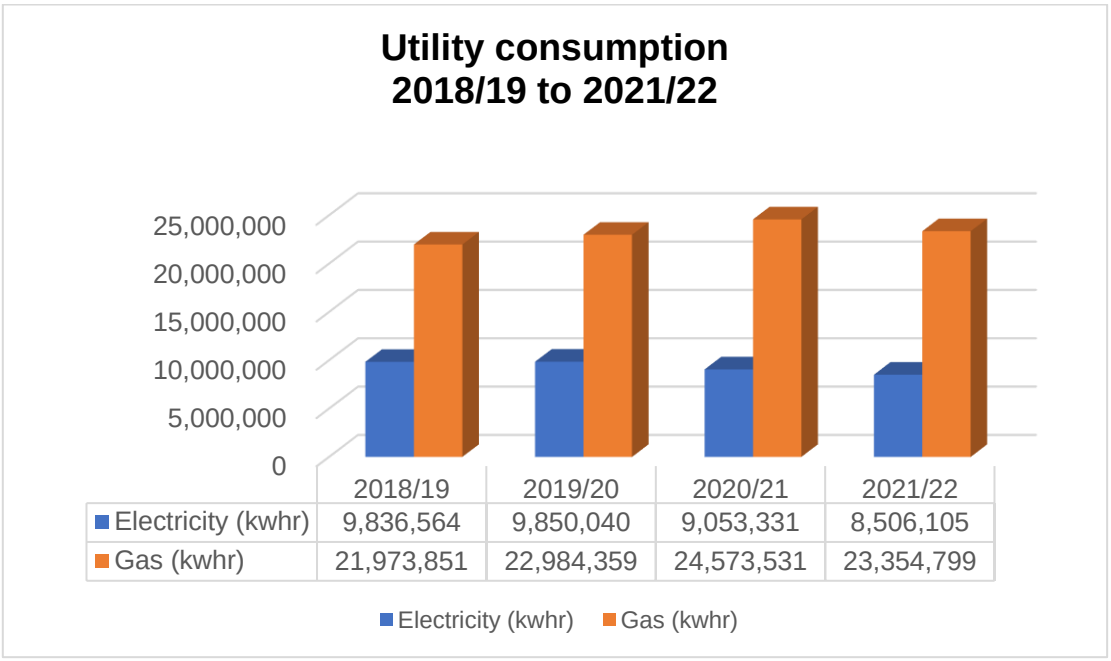
- 100% of the electricity purchased being supplied via 'green / zero Carbon energy solutions'

- Financially the electricity expenditure in 2021/22 was consistent with that of 2020/21 – suggesting that the reduced consumption mitigated 'in year' the increase experienced in electricity costs



	2018/19	2019/20	2020/21	2021/22
Electricity	£1,271,932	£1,453,401	£1,334,919	£1,355,328
Gas	£705,630	£748,776	£656,892	£806,299
Water	£330,408	£337,016	£328,438	£323,039





Energy procurement

Given many challenges within the Trust it has taken longer to move forward on energy procurement. However, SSL are now able to report good news. Working with the Crown Commercial Services framework contracts SSL, having gained agreement from the Trust and will be moving all directly procured gas and electricity contracts onto longer term 3-year contracts. This helping to enable such utilities to be procured at the optimum time so as to achieve financial efficiencies. This procurement contract will provide a degree of stability once procurement cycles are underway. Unfortunately, this does not provide any retrospective protection against the massive volatility in the market already experienced.

Priorities for 2022/2023

SSL have considered the following as being key projects, workstreams to commence or complete during 2022/2023. Key to making the interventions below work are people, opportunities, communication and keeping it real! It is encouraging that Senior Management are engaged and supportive and that trade union colleagues are also aware of and supporting the agenda and the approach being taken:

- Continue to improve and enhance governance, documentation and reporting.
- Work with staff across the Trust and SSL to improve awareness, engagement, empowerment and communications.
- Continue to embed green or sustainability principles into core business.
- Develop projects ready for funding should external grant funding become available.
- Introduce food wats recycling (across Trusts sites with production kitchens initially).
- Introduce an 'opt in' waste recycling opportunity for all Trusts sites (where risks permit).
- Develop a network of environmental or green champions.
- Continue to improve the Trust fleet vehicles with a target of having at least 30% of the fleet hybrid or full electric by end of 2022/23 Financial Year.
- Develop options or model for electric vehicle charging points across 'to be agreed' sites within BSMHFT.
- To introduce free public transport taster passes for all Trust and SSL staff along with a one-off option for current staff.
- To look at procurement, policies, process and move to establish interventions to reduce and improve.
- To review medication/pharmaceutical procurement/wastage – seeking suitable interventions.
- To review current cycle facilities with a view to planning and delivering improvements at sites.

Finally, and perhaps most importantly for all staff to be encouraged and felt able to look at what they do and how they do it – considering if and how they could improve and help the organisation to become more 'green'!

Further information will be shared throughout 2022/2023 regarding interventions and initiatives that could be introduced at Trust sites to help support this agenda.

If you do want to become involved and help lead change at your site, then please share your details in confidence by emailing neil.cross@nhs.net.

Accountability report

The Trust's directors take responsibility for preparing the Annual Report and Accounts. We consider the annual report and accounts, taken a whole, is fair, balanced, and understandable and provides the information necessary for patients, regulators, and other stakeholders to assess the Trust's performance, business model and strategy.

This accountability report is signed in my capacity as Accounting Officer.

Roísìn Fallon-Williams
Chief Executive
20 June 2022

Directors' report

Statement of responsibilities

Statement of the Chief Executive's responsibilities as the Accounting Officer of Birmingham and Solihull Mental Health 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 Birmingham and Solihull Mental Health 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 Birmingham and Solihull Mental Health NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

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

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

As far as I am aware, there is no relevant audit information of which the foundation trust's auditors are unaware.

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.

The directors consider the annual report and accounts, taken as a whole, to be fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the Trust's performance, business model and strategy.

Roísìn Fallon-Williams
Chief Executive
20 June 2022

The Board of Directors

Role and function of the Board of Directors

The Board of Directors (the Board) has overall responsibility for defining the Trust's strategy and strategic priorities, vision, and values, for the overall management and performance of the Trust and for ensuring its obligations for regulators and stakeholders are met.

The decisions reserved for the Board of Directors and the delegated discharge of its responsibilities is set out under a formal Scheme of Delegation defining the allocated responsibilities for making and approving decisions relating to Trust business.

The Board of Directors meets 11 times per annum. The meetings of the Board of Directors are held in public with members of the public welcome to attend to observe proceedings.

Strong governance is required to ensure the Trust is managed well and effectively complied with regulations and national standards. Birmingham and Solihull Mental Health NHS Foundation Trust is committed to effective and comprehensive governance, which ensures organisational capacity and skills to deliver both commissioned and mandatory services. The following sections set out the Trust's governance arrangements, giving details of the ways in which the Board of Directors and Council of Governors work.

It is the responsibility of the Board of Directors to prepare the Annual Report and Accounts and ensure they are a fair, balanced and understandable and provide the information necessary for patients, regulators and stakeholders to assess the Trust's performance, business model and strategy.

The Board ensures that adequate systems and processes are maintained to deliver the Trust's Operational Plan, measure and monitor the Trust's effectiveness, efficiency and economy and delivery high quality services. Directors are responsible for setting the Trust's strategic direction, providing effective leadership within the external regulatory and internal control frameworks.

The Chief Executive, as Accountable Officer, adheres to the NHS Foundation Trust Accounting Officer Memorandum regarding advising the Board and Council and for recording and submitting objections to decisions.

Our Board of Directors operates in accordance with the Trust's constitution and scheme of delegation. The constitution sets out the duties of the Board and Council of Governors, and the scheme of delegation sets out the type of decisions to be taken by the full Board and/or individual directors.

BSMHFT's last CQC inspection was on 5 November 2018 (report published 5 April 2019) and provided a Requires Improvement (RI) rating for the Trust as a whole, with an RI rating for the well-led domain. The Trust is expecting to receive another inspection in the coming months, and we believe we have taken significant steps to address the previous inspection team's concerns. NHS Improvement expects foundation trusts to carry out an external review of their governance arrangements every three years.

In 2018, we engaged the Good Governance Institute to undertake an external well-led governance review. The Good Governance Institute, which had no other connection to our Trust, produced a report with feedback on our Board of Directors and no major deficiencies were highlighted.

To further develop good governance practices, we responded to the report by developing and implementing an action plan to ensure that all actions identified were incorporated into 'business as usual' for either the Board of Directors or its committees. The Board of Directors has received an update on the implementation of actions relating to improving governance which has included a review of all terms of reference; introduction of Committee Chair's Assurance Reports to the Board of Directors; a refocus of the Integrated Quality Committee now named Quality, Patient Experience and Safety Committee.

Statement of compliance with the Code of Governance

The Code of Governance is best practice guidance and is designed to assist NHS Foundation Trust Board in improving their governance practices by bringing together the best practice of public and private sector governance. The code sets out a common overarching framework for the corporate governance of NHS foundation trusts and complements the statutory and regulatory obligations on them. Birmingham and Solihull Mental Health NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

Composition of the Board

The Board has seven Non-Executive Directors (including the Chair who has a casting vote) and six Executive Directors (including the Chief Executive). The appointment of the Chair and appointment/re-appointment of Non-Executive Directors is approved by the Council of Governors. The appointment of the Chief Executive is by the Non-Executive Directors subject to approval by the Council of Governors.

Meet our Board of Directors

The section below outlines members of the Board who at any time during 2021/2022 were directors of the Trust.

Danielle Oum, Chair

Danielle, who lives in Birmingham, has extensive chair and non-executive experience. She joins the Trust from Walsall Healthcare NHS Trust where she has been the Chair since 2016, and Healthwatch Birmingham and Healthwatch Solihull where she has been the Chair since 2017. Previously she was the Chair at Dudley and Walsall Mental Health Partnership NHS Trust.

Danielle has a strong leadership background in strategic development, stakeholder engagement and transformational change spanning the public, private and voluntary sectors. She is passionate about promoting equality and inclusion, particularly within disadvantaged communities.

Roísìn Fallon-Williams, Chief Executive

Roísìn Fallon-Williams joined the Trust as its designate Chief Executive on 1 March 2019 became the Accountable Officer on 29 March 2019. Roísìn is a Registered Learning Disability Nurse who spent much of her early career in clinical roles in and around Hertfordshire, within mental health and learning disability NHS organisations. She took up her first Board director role in 2002 at Hertfordshire Partnership NHS Trust, and since then has held a variety of Board roles with a wide range of responsibilities including seven years at Coventry and Warwickshire Partnership NHS Trust. She was Chief Executive at Norfolk Community Health and Care NHS Trust for four years and during her time there, the Trust achieved an ‘Outstanding’ rating from the Care Quality Commission.

Patrick Nyarumbu – Executive Director of Strategy, People and Partnerships

Patrick Nyarumbu was appointed as the Executive Director of Strategy, People and Partnerships in November 2020 and was previously Director of Nursing, Leadership and Quality for NHS England and NHS Improvement (East of England). Patrick is a mental health nurse by background and has worked and in a wide range of NHS organisations covering mental health, acute and specialist services as well as a Primary Care Trust and a Clinical Commissioning Group. Patrick is passionate about leadership development, talent management and championing diversity.

Dr Hilary Grant, Executive Medical Director

Dr Hilary Grant was appointed Executive Medical Director on 1 April 2016 and is responsible for medical, psychology and pharmacy leadership at the Trust. Hilary has been with the Trust for over 20 years and was a clinical director for three years prior to her appointment to the Board. She played a significant role in the development and opening of the Trust's Forensic Child and Adolescent Mental Health Service (FCAMHS) in 2003 and has undertaken extensive service development and re-design. Hilary is a tireless advocate for service user empowerment and raising standards of care in Forensic Child and Adolescent Mental Health Services

Vanessa Devlin, Executive Director of Operations

Vanessa Devlin was appointed as the Executive Director of Operations in September 2019, having been an Associate Director of Operations with the Trust since May 2013. Vanessa has a background in nursing, having been an RMN (registered Mental Health Nurse) with North Birmingham Mental Health Trust for 10 years, before moving over to the management side of care services. From 2006 up until the time she joined the Trust she held posts within West Midlands Commissioning Boards leading on the strategic development of mental health services within the NHS and Local Authority. Vanessa is very committed to delivering quality mental health services to our population and believes that service users and carers should be at the forefront of development, delivery and monitoring of our services at all levels

Dave Tomlinson, Executive Director of Finance

Dave Tomlinson joined the Trust as Executive Director of Finance in April 2017. Dave brings 20 years' experience as a Director of Finance in the NHS, the vast majority of which has been with large mental health providers. He plays a key role in advising the Board on issues around the Trust's fiscal performance, information governance and estates. Dave's experience includes 12 years as Director of Finance at Lancashire Care NHS Foundation Trust where he established the Trust as a £100m turnover provider by bringing together services from seven organisations. He has experience in both the private and public sector and during his career has been responsible for a broad portfolio of services in large and complex organisations.

Sarah Bloomfield, Interim Executive Director of Quality and Safety (Chief Nurse)

Sarah joined the Trust in March 2021 and is a credible and transformational nurse leader with experience of operating strategically at Trust Board and executive level, ensuring that vision and strategy is translated and implemented across the organisation.

Sarah is a values-driven leader with strong professional standards and expectations. She is motivated by the delivery of safe, kind and effective care that supports patients and their families and carers.

Prof Russell Beale, Non-Executive Director

Prof Russell Beale joined the Trust as a non-executive director on 1 January 2017 He has a wealth of experience from his 25 years at the University of Birmingham, where he is currently Professor of Human-Computer Interaction (HCI) and Director of the HCI Centre, a major centre focusing on designing and developing the digital future. Prof Beale has achieved worldwide recognition for his work on using artificial intelligence to assist interaction between users and technology, is a Chartered IT Professional and Visiting Professor at the University of Swansea. He also has commercial and management experience, having held senior positions in both large and small technology organisations and founded six hi-tech companies. *Russell is Chair of the Finance, Performance and Productivity Committee*.

Dr Linda Cullen, Non-Executive Director

Dr Linda Cullen was appointed as a non-executive director from 1 January 2019. Linda has worked as a Consultant Child and Adolescent Psychiatrist for 25 years in a wide variety of settings across the Midlands. She is currently a locum consultant in the NHS and a second opinion doctor for the Care Quality Commission. She has worked closely with colleagues in child and adult services, using research and evidence-based practice in developing novel services. Dr Cullen helped to develop Early Intervention in Psychosis services across Birmingham and acute and high dependency child and adolescent mental health services (CAMHS), including one of the first CAMHS acute admission wards in the UK. *Linda is Chair of the Quality, Patient Experience and Safety Committee*.

Gianjeet Hunjan, Non-Executive Director

Gianjeet Hunjan was appointed as non-voting Associate Non-Executive Director on 1 September 2015 and was appointed as Non-Executive Director in September 2016. She is a qualified accountant with extensive experience in the NHS and education sector. Her background includes working at director level in a variety of healthcare roles for over 20 years. She is a Chartered Accountant and has a Master of Arts in Finance and Accounting from Leeds Metropolitan University. *Gianjeet is Chair of the Audit Committee.*

Phillip Gayle, Non-Executive Director

Philip Gayle joined the Trust as a non-executive director on 1 October 2019. Philip is Chief Executive at Servol Community Services, a third sector organisation that provides accommodation and support services for people experiencing mental health difficulties. He has extensive knowledge and leadership experience within the health, social care, and housing sector as well as expertise and specialised skills as a business consultant and in transformation and improving business performance. Philip has been an independent consultant for TRIBAL, an assessor for national funding applications for government schemes, where he gained key insight into government contracts and procurement. He is a qualified counsellor and has an MSc in Healthcare Policy Management from the University of Birmingham. Philip has previously held several NHS

board positions and is a non-executive director at Walsall Healthcare NHS Trust. *Phil is Chair of the People Committee.*

Anne Baines, Non-Executive Director

A highly enthusiastic and motivated individual with over 40 years NHS experience including over 20 years at a senior and Board level, at both executive and non-executive levels. Anne has had roles covering commissioning, strategic and operational planning and operational management in secondary, community and primary care. Anne brings a wide range of skill with particular emphasis on structures and processes for successful planning, transformation and service improvement, performance management and improvement, business analysis, programme and project management.

Anne has been active in strategic and organisational projects and joint working with both providers, commissioners and other partner organisations. Her experience includes working in multi-disciplinary and agency systems including leadership of key projects. *Anne is the Chair of the Reach out Commissioning Sub Committee.*

Winston Weir, Non-Executive Director

Winston works at Board level for a variety of organisations with purposes beyond profit. He is an Independent Member at a Welsh University Health Board with an interest in finance and chairs its Sustainable Resources Committee. He works at Board level as Non-Executive Treasurer of a BAME church led Housing Association based in the West Midlands.

He brings experience of chairing and serving on Board committees, providing governance, risk, and audit and financial expertise. Winston is a Big 4 qualified Public Finance Accountant with post-graduate qualifications. He is CPFA qualified with significant post qualification experience in Public Sector Finance, Private Finance Initiative, procurement, and service improvement programmes. *Winston is the Chair of the Charitable Funds Committee.*

The biographies above provide an outline of the skills, expertise, and experience of Board members. This demonstrates the breadth required of a foundation trust, including all statutorily required roles. The balance of the Board is considered when new appointments are made. During the year, the Trust appointed two Non-Executive Directors, Winston Weir and Anne Baines, replacing Joy Warmington and Waheed Saleem.

The Board meets regularly and has a formal schedule of matters specifically reserved for its decision. This includes high level matters relating to strategy, business plans and budgets, regulations and control, annual report and accounts, audit and monitoring how the strategy is implemented at an operational level. The Board delegates other matters to the executive directors and senior managers as appropriate. The directors have access to all relevant management, quality, financial and regulatory information.

Board of Directors meetings

The Board meets monthly, in public and there were 11 meetings held during 2021/22 and due to the COVID-19 pandemic, all the meetings were held via video link.

Name	Title	Attendance
Danielle Oum	Chair	11/11
Joy Warmington	Non-Executive Director/Vice Chair	2/3
Waheed Saleem	Non-Executive Director/Senior Independent Director	5/5
Linda Cullen	Non-Executive Director	10/11
Philip Gayle	Non-Executive Director	9/11
Russell Beale	Non-Executive Director	6/11
Winston Weir	Non-Executive Director *(from September 2021)*	5/6
Anne Baines	Non-Executive Director (from September 2021)	6/6
Gianjeet Hunjan	Non-Executive Director	11/11
Roísìn Fallon-Williams	Chief Executive	11/11
David Tomlinson	Executive Director of Finance	11/11
Vanessa Devlin	Executive Director of Operations	11/11
Sarah Bloomfield	Executive Director of Quality and Safety (Chief Nurse)	11/11
Hilary Grant	Executive Medical Director	10/11
Patrick Nyarumbu	Executive Director of Strategy, People and Partnerships	10/11

Data source: Minutes of the Board of Directors meetings

The Board of Directors has a succession plan in place for the Non-Executive Directors. All Non-Executive Directors on the Board of Directors are considered independent by virtue of the employment checks made on appointment, ongoing fit and proper person's reviews, and the declaration of their actual and potential conflicts of interest.

Performance evaluation

Executive Directors have an annual appraisal with the Chief Executive. The performance of Non-Executive Directors is evaluated annually by the Chair. The annual appraisal of the Chair involves collaboration between the Senior Independent Director, Vice Chair, and the Lead Governor of the Council of Governors, who seek the views of both Directors and Governors.

Appointment, re-election, and the Nomination Remunerations Committee

The Chair leads the process to identify the size, structure and skills required for the Board and for considering any changes necessary or new appointments. If a need is identified, in the case of an Executive Director, this would be managed through the Remuneration Committee *(Board of Directors)* and for Non-Executive Directors, through the Nominations and Remuneration Committee *(Council of Governors).*

During 2021/2022, the Remuneration Committee appointed Sarah Bloomfield as the Director of Quality and Safety, and Chief Nurse.

The Nomination and Remuneration Committee of the Council of Governors appointed two new Non-Executive Directors, Winston Weir and Anne Baines.

Audit Committee

How the Committee discharges its responsibilities

The Audit Committee assures the Board of Directors that probity and professional judgment are exercised in all financial matters. It advises the Board on the adequacy and effectiveness of the Trust's systems of internal control and its arrangements for control and securing economy, efficiency, and effectiveness (value for money). The Committee prepares an annual report for the Board.

Membership and attendance

The Audit Committee was chaired by Gianjeet Hunjan, Non-Executive Director and included three other Non-Executive Directors, Waheed Saleem, *(left July 2021)* and replaced by Winston Weir, Linda Cullen and Phil Gayle. The Committee met 5 times in 2021/22.

Member	April 2021	June 2021	July 2021	October 2021	January 2022
Gianjeet Hunjan	✓	✓	✓	✓	✓
Philip Gayle	✓	✓	✓	✓	A
Waheed Saleem	✓	✓			
Linda Cullen	✓	✓	✓	✓	✓
Winston Weir				✓	✓

Data Source: Audit Committee minutes

✓ *Attended*
A *Apologies*

Statement of Directors' responsibilities in respect of the accounts

The Directors are required to prepare accounts for each financial year. The Secretary of State, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the Trust and of the income and expenditure of the Trust for that period.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Significant issues the committee considered in relation to the financial statements

The Audit Committee has an annual review cycle in place in relation to reviewing and considering the effectiveness and ongoing compliance. The Audit Committee met on 21 April 2021 to consider the draft financial statements for the period 2021/22.

A key aspect of the Audit Committee's work is to consider significant issues in relation to financial statements and compliance.

In addition, the Audit Committee receives regular updates and feedback in relation to the progress against plan of Internal Audit and Counter Fraud. Any issues arising were addressed by the Committee and any matters of governance incorporated into the Annual Governance Statement.

Internal auditors

During 2021/22 TIAA performed the Internal Audit function for the Trust. Internal Auditors review the organisational framework of governance, risk management and control with the Head of Internal Audit's annual opinion designed to assist the Accountable Officer and the Board in making the Annual Governance Statement on Internal Control. The Trust's Audit Committee monitors the delivery of the Internal Audit Plan at each of its meetings.

TIAA attend all meetings of the Committee presenting a progress update on new and follow-up reviews; the key findings of each audit review undertaken, agreed recommendations and the associated Audit Opinion. The Committee continues to maintain oversight of implementation of agreed internal audit actions at each meeting, with detailed scrutiny of slippages occurring at the relevant Board Committees. The annual reporting process identified differences across Committees in how this is done. Therefore, going forward, at each Committee there will be a standing formal agenda items to review any outstanding medium or high-risk internal audit actions.

External auditors

External Audit services are provided by Mazars. At each meeting, the Committee receives a report from Mazars outlining progress and highlighting matters such as emergent national guidance and findings of national benchmarking reviews.

Counter fraud

At each meeting, the Committee continues to receive and discuss a detailed report against plan, an overview of local fraud investigations, fraud warnings and intelligence bulletins. One area of focus has been on prevention.

Statement by the auditors about their reporting responsibilities

The auditors' statement of responsibilities is contained in the Annual Accounts.

Removal of the Chair and other Non-Executive Directors

Removal of the Chair or another Non-Executive Director requires the approval of three quarters of the Council of Governors and must follow the process detailed in the Constitution.

Register of interests

The Trust holds a register listing any interests declared by the Board of Directors and the Council Governors. Board and Governors must disclose details of company directorships or other positions held, particularly if they involve companies or organisations likely to do business or possibly seeking to do business with the Foundation Trust. The public can access the register online at https://bsmhft.mydeclarations.co.uk/declarations.

The Council of Governors and membership

Birmingham and Solihull Mental Health NHS Foundation Trust is accountable to the public membership through our Council of Governors.

The Council of Governors represents the interests of the members of the local community, patients, public, staff, and stakeholders through sharing information about key decisions and listening to their views. The Council of Governors has clear statutory duties which include holding the Non-Executive Directors, both individually and collectively, to account for the performance of the Board of Directors.

Role of the Governors

The Council of Governors is responsible for the appointment, or removal of the Chair and the Non-Executive Directors, agreeing their terms and conditions, as well as approving, or not, the appointment of a new Chief Executive. The Council of Governors further appoints the external auditors. Each financial year the Council of Governors is consulted on the Trust's forward plans and strategy, and receives the Annual Accounts, Auditor's Report, Annual Report, and the Quality Report.

Nominated Lead Governor

The Council of Governors elects one of its members to be the Lead Governor. The Lead Governor co-ordinates any communication that might be necessary between NHS Improvement and the other governors and acts a main point of contact for the Chair.

Supporting our Council of Governors' understanding

In addition to regular updates from the Trust on the performance of the organisation, the Council of Governors is given the opportunity to attend the Governwell training programme or conferences offered by NHS Providers. To support our Governors in improving their knowledge and understanding of the Trust and to gain confidence in their role, several initiatives have been taken during 2021/22, which include:

- We have invited members of the Executive Team to speak about their strategic plans and how they intend to approach the challenges facing the Trust both financially and nationally going forward.

- We ensure that we send out all key communications messages in the Trust to Governors which has included weekly CEO staff emails regarding ongoing preparedness in relation to COVID-19 to ensure the Council is fully informed.

- Governors are invited to attend and observe Board of Director meetings

- The Council and Board have agreed that all Non-Executive Directors attend the Council of Governor meetings with Executive Directors being invited to present on specific issues at request from the Council.

- Our Governors are welcome to meet informally with the Chair at request and with any other members of the Board as appropriate. As a Trust we endeavour to ensure that there is open and transparent communication between our Board and the Council.

Activities of the Council of Governors

During 2021/22, key activities of the Council of Governors and Governors have included:

- raising assurance questions and concerns
- Non-Executive Director appointments
- participation in recruitment panels
- attendance at national networks and conferences carried out virtually during the pandemic.

Composition of our Council of Governors

The Council of Governors comprises these main constituencies:

- four public governors
- four carer governors
- three staff governors
- four service user governors
- six stakeholder governors.

The Council of Governors comprises 22 members.

Membership of the Council of Governors 1 April 2020 – 31 March 2021

Public elected governors			
Name	**Constituency**	**Appointment**	**End of term**
Hazel Kench	Solihull, Coventry and Warwickshire	August 2014	November 2023
Renu Marley	South Birmingham and Worcestershire	November 2020	November 2023
Junaid Shaikh	Central, West Birmingham and Staffordshire	November 2020	November 2023
Diane King	East, North Birmingham and Black Country Boroughs	May 2021	May 2024
Staff elected governors			
Dr Jon Kennedy	Clinical Medical	July 2018	July 2021
John Travers	Non-Clinical	July 2018	July 2021
Nigel Davies	Clinical Non-Medical	March 2020	March 2023
Service user governors			
Faheem Uddin	South Birmingham and Worcestershire	October 2011	October 2023
Mustak Mirza	Central, West Birmingham and Staffordshire	April 2017	November 2023
Vacancy	East, North Birmingham and Black Country Boroughs		
Victoria Fewster	Solihull, Coventry and Warwickshire	May 2021	May 2024
Carer governors			
Maureen Johnson	Solihull, Coventry and Warwickshire	May 2013	June 2022
Zahid Hussain	South Birmingham and Worcestershire	May 2021	May 2024
Vacancy	Central, West Birmingham and Staffordshire		
Rohan Manghra	East, North Birmingham and Black Country Boroughs	November 2020	November 2023

Stakeholder appointed governors			
Jim Chapman	Birmingham City University	September 2017	September 2023
Cllr Mick Brown	Birmingham City Council	September 2013	September 2023
Cllr Ken Meeson	Solihull Council	September 2019	September 2022
Vacancy	WM Police Governor		
Stephanie Bloxham	Council for Voluntary Services	November 2020	November 2023
Dr Maria Michail	University of Birmingham	November 2020	November 2023

Council of Governors meeting attendance 1 April 2021 – 31 March 2022

Name	May 2021	July 2021	September 2021	January 2022	Total
Danielle Oum	✓	✓	✓	✓	4
Faheem Uddin	A	A	A	A	0
Maureen Johnson	✓	✓	✓	✓	4
John Kennedy	✓	✓	✓	✓	4
Cllr Michael Brown	A	A	A	✓	1
Diane King	A	✓	A	A	1
Mustak Mirza	✓	✓	✓	✓	4
John Travers	✓	✓	✓	✓	4
Hazel Kench	✓	✓	✓	✓	4
Jim Chapman	A	✓	✓	✓	3
Cllr Ken Meeson	✓	✓	✓	✓	4
Nigel Davies	✓	✓	A	A	2
Renu Marley	✓	✓	A	A	2
Junaid Shaikh	✓	✓	✓	✓	4
Rohan Manghra	✓	✓	✓	✓	4
Stephanie Bloxham	✓	✓	✓	✓	4
Dr Maria Michail	N	N	N	✓	1
Victoria Fewster	A	A	A	✓	1

✓ *Attended Meeting*
A *Apologies*
N *Non-attendance*
~ *Wasn't appointed yet*

Governor sub-groups

Nomination and Remuneration Group

The Nomination and Remuneration Group is responsible for advising annually on the remuneration of the Chair and Non-Executive Directors (NEDs); advising on the appointment of the NEDs and the Chair; receiving performance/appraisal information relating to the Chair/NEDs to assist in considering re-appointments to the role; Members of the Group would be invited to observe the Executive Director recruitment process.

Governors of the Nomination and Remuneration Group received the appraisal reports for the Chair and Non-Executive Directors in February 2022; the objectives for the two newly appointed Non-Executive Directors and report to approve the appointment of the Vice Chair.

During the period August – October 2021 the Nomination and Remuneration Group were involved in the appointment of the new Non-Executive Directors. The work undertaken by the Group resulted in the appointment of Winston Weir and Anne Baines.

The Nomination and Remuneration group met on 2 occasions during 2021/2022 and the terms of reference for the group were approved by the Council of Governors in March 2022.

Governance Task and Finish Group

A new group has been established, a Governance Task and Finish Group, with the remit to focus on a number of areas which required greater clarity and this includes the role and appointment process of a Lead Governor; the establishment of a Deputy Lead Governor role, the process regarding complaints received against Governors; a process regarding the complaints received against the Chair or Non-Executive Directors and a Code of Conduct.

The terms of reference for the Group were approved by the Council of Governors in November 2021. The outputs and recommendations from the work of the Governance Task and Finish Group will be reported to the Council of Governors and Board of Directors for formal approval. The membership of the group is the Company Secretary, a number of Governors and Non-Executive Directors. The Group has met on 4 occasions during 2021/22.

Membership

The Trust recognises the importance of an effective membership to the successful governance of an NHS Foundation Trust and the delivery of a good quality service.

Our aim is for our members to become active, engaged, and representative of local communities, staff, and the wider population our Trust serves.

Members should be our critical friends, having a meaningful say in decisions about how Trust services are planned and provided. Membership also allows local people and communities to bring their knowledge, experiences, and enthusiasm to the Trust.

As at the end of March 2022, the membership stood at 12,510 overall (6,410 public,1,384 patient and carers and 4,716 staff). This compares with an overall figure of 12,462 as at the end of March 2021.

Membership strategy

Ensuring an effective membership is therefore a key governance issue which requires a clear and coherent strategy. Due to the pandemic during the last two years, the work on the membership now needs to be refreshed and this will be a focus during 2022/23.

Membership engagement

We ensure that members have access to regular and timely information about the Trust's plans, services, involvement activities and accomplishments. Examples of ways in which we will communicate with members include the following:

- A welcome letter / email with key information sent to all new members.
- Membership information and opt-out forms provided to staff at inductions.
- Membership pages on the Trust's website and intranet.
- Additional key information (such as public board papers and the Trust's annual report) published on the website and intranet.
- Communications through social media.
- A formal briefing on BSMHFT's performance through an Annual Membership Meeting.
- An annual membership survey was undertaken to gain feedback from the public members.
- Email communications with members around key developments at the Trust.
- Election material sent to all members.

During 2022/23 there will be a refreshed focus on ensuring engagement with our members with a new appointment of Corporate Governance/Membership Manager.

Contacting our Governors

Members can contact Governors via:

- a dedicated governor email address managed by the Company Secretary
- by calling the company secretary office.

Remuneration report

Annual statement on remuneration and senior managers' remuneration policy

Key areas discussed by the Remuneration Committee in the financial year, in respect of remuneration were as follows:

- Chief Executive Objectives
- Ministers' recommendation on 2021/22 Very Senior Manager (VSM) Annual Pay Award
- Medical Director appointment process

The Trust does not have a senior managers' remuneration policy in place. The following table outlines the policy and reflects current practice. There is a policy in place for overpayments for all staff, including senior managers, agreed with the payroll provider.

Future policy table

Element	Purpose and link to strategic objectives	Operation
Base salary and pension related benefits	Directors' individual performance objectives reflect the Trust's organisational objectives and strategic ambitions. Base salaries have been set by the Trust's Remuneration Committee, taking account of the relevant size of the job roles and median salary levels of comparable roles in other NHS organisations. Performance against agreed objectives is reviewed by the Chief Executive/Chair with outcomes reported to the Remuneration Committee.	These are spot salaries set within an agreed pay band. There is no performance related pay element, and pay elements are neither awarded nor withheld pending performance assessment. Annual salary levels are subject to application of cost of living pay award determined by the Remuneration Committee. Pay bands reflect the seniority of roles at executive director level and provide appointment panels with scope to appoint new staff from within the pay band. Pay bands include incremental progression Executive directors are members of the NHS

Element	Purpose and link to strategic objectives	Operation
		Pension Scheme. No senior managers have rights under more than one type of pension within Birmingham and Solihull Mental Health NHS Foundation Trust.
Chair and non-executive directors' fees	Trust Board determines the strategic objectives for the organisation; objectives are put in place for NEDs to reflect these	Remuneration for the Chair and the NEDs is determined by the Nominations and Remuneration Committee and approved by the Council of Governors. There is no performance related pay element; remuneration levels have been benchmarked with similar sized foundation trusts.

Base salaries are paid within an agreed pay band. The maximum that can be paid is the top of the pay band.

As at 1 April 2022, salaries for non-executive directors were:

Chair	£47k
Vice Chair	£21k
Other non-executive directors	£15k

Non-executive directors do not receive any additional fees for any other duties. As stated, salaries are not dependent upon performance, in terms of recovery the following paragraphs are included in the contract:

- The Trust will be entitled to deduct regularly from your salary any amounts properly owed to the Trust including but not limited to residential accommodation, trade union dues, meals, beverages, telephone charges, nursery fees, library fees and car loan charges as appropriate.

- Should you terminate your contract with the Trust then any outstanding charges will be deducted from your final salary payment. When large amounts are outstanding discussion will take place with you regarding methods of payment.

Regarding the requirement to outline payments to those senior managers earning above the threshold of £142,500 if this is based on salary alone this would only apply to the Chief Executive and Executive Medical Director.

All Executive salaries are benchmarked, on appointment, against other similar sized organisations using benchmarking data from NHS Providers.

Executive Director salaries are generally paid in the lower quartile in comparison to similar sized trusts.

Service contracts obligations

There is no obligation on the foundation trust which:

- is contained in all senior managers' service contracts.

- is contained in the service contracts of any one or more existing senior managers (not including any obligations in the preceding disclosure); and/or

- the foundation trust proposes would be contained in senior managers' service contracts to be entered into and which could give rise to, or impact on, remuneration payments or payments for loss of office but which is not disclosed elsewhere in the remuneration report.

The Trust Board decided at its December 2014 meeting that the fit and proper persons test would only be applied to executive and non-executive directors on the Trust Board. All members of the Board have declared their compliance with this, and contracts have been updated to reflect the requirements of the test.

The Duty of Candour applies to all staff and information leaflets have been shared with staff reminding them of their obligations.

In February 2017 NHS England published 'Managing Conflicts of Interest in the NHS, Guidance for Staff and Organisations', which sets down guidance for all NHS Organisations to follow as from 1 June 2017. The Declarations Policy was updated to reflect this guidance.

Some staff are more likely than others to have a decision-making influence on the use of taxpayers' money, because of the requirements of their role.

Decision making staff in this organisation are:

- executive and non-executive directors
- those at Agenda for Change 8c and above
- staff who have the power to enter contracts on behalf of the Trust (Procurement Team)
- consultant medical staff.

The request for declarations went to all staff in January 2022, and declarations (including nil returns) are submitted electronically via the staff intranet. Any staff member not responding are being formally pursued for reporting to the Audit Committee. Counter Fraud services supported the Trust in developing the Declarations Policy and Pay Policy.

Executive director posts are substantive appointments with no set period of employment or end date. Notice periods are detailed in the next section below.

Non-executive directors do not have a notice period as they undertake fixed terms of office and are subject to re-appointment.

Policy on payment for loss of office

Executive directors are entitled to three months' notice of termination of employment, consistent with contracts for all other senior staff employed by the Trust, except for the Chief Executive, who is entitled to six months' notice.

Where loss of office (dismissal) occurs, payments will be paid in accordance with the senior manager's contract, including notice and contractual redundancy pay (if applicable).

The circumstances of the loss of office and the senior manager's performance are not relevant to any exercise of discretion.

Consideration of employment conditions elsewhere in the foundation trust

The terms and conditions of employment for senior managers largely reflect the terms applicable for other staff, except in the case of annual leave entitlements (35 days, as opposed to a maximum for other staff of 33 days). Pay bands for senior managers exceed the maximum pay band (band 9) for other senior staff employed under Agenda for Change. Senior managers are subject to the national cap on redundancy payments.

We did not consult with employees when preparing the senior managers' remuneration policy. The pay bands for senior managers were determined by reference to comparable sized job roles in similar NHS organisations.

Nominations and Remuneration Committee

The Nomination and Remuneration Group is responsible for advising annually on the remuneration of the Chair and Non-Executive Directors (NEDs); advising on the appointment of the NEDs and the Chair; receiving performance/appraisal information relating to the Chair/NEDs to assist in considering re-appointments to the role; Members of the Group would be invited to observe the Executive Director recruitment process.

Governors of the Nomination and Remuneration Committee received the appraisal reports for the Chair and Non-Executive Directors in February 2022; the objectives for the two newly appointed Non-Executive Directors and report to approve the appointment of the Vice Chair.

During the period August – October 2021 the Nomination and Remuneration Committee were involved in the appointment of the new Non-Executive Directors. The work undertaken by the Committee resulted in the appointment of Winston Weir and Anne Baines.
The Nomination and Remuneration Committee met on 2 occasions during 2021/2022 and the terms of reference for the group were approved by the Council of Governors in March 2022.

Membership and attendance of Nominations and Remuneration Committee 2021/2022

Name	28 February 2022
Faheem Uddin	A
Danielle Oum	✓
Maureen Johnson	✓
Hazel Kench	✓
Dr Jon Kennedy	✓
Junaid Nawaz	A
Mustak Mirza	✓
Jim Chapman	✓

A = apologies given ✓ = attended meeting

The Company Secretary has provided advice and service to the Committee. No external advice has been received by the Committee.

The gross pay in 2021/22 for the Chair and non-executive directors is shown in the remuneration table within this report.

Remuneration Committee (Board of Directors)

The Remuneration Committee, which considers the pay and conditions of executive directors, met three times in 2021/22:

Name	8 July 2021	8 December 2021	16 December 2021
Danielle Oum	✓	✓	✓
Phillip Gayle	✓	✓	A
Gianjeet Hunjan	✓	✓	✓
Russell Beale	✓	✓	✓
Linda Cullen	✓	✓	✓
Anne Baines		✓	✓
Winston Weir		✓	✓

A = apologies given ✓ = attended meeting

The Committee's discussions included approval the objectives of the Chief Executive and Executive Directors, Very Senior Managers (VSM) Pay Award), Appointment process for Medical Director.

The Trust has not released any executive director to serve as a non-executive director elsewhere.

Remuneration table (information subject to audit)

Salary and pension entitlements of senior managers – salaries and allowances

Name and title	Year ending 31 March 2022					Year ending 31 March 2021				
	Salary	Other remu-neration	Benefits in kind	Pension -related benefits	Total	Salary	Other remune ration	Benefits in kind	Pension-related benefits	Total
	(Bands of £5,000)	(Bands of £5,000)	(Rounded to nearest £100)	(Bands of £2,500)	(Bands of £5,000)	(Bands of £5,000)	(Bands of £5,000)	(Rounded to nearest £100)	(Bands of £2,500)	(Bands of £5,000)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Roísìn Fallon-Williams (Chief Executive Officer designate from 1 March 2019)	200-205	-	-	-	200-205	195-200	-	-	-	195-200
Hilary Grant (Executive Medical Director - Appointed 1 April 2017)	115-120	60-65	-	195-197.5	375-380	110-115	55-60	-	72.5-75	240-245
Vanessa Devlin (Executive Director of Operations) Appointed 29 April 2019	115-120	-	-	27.5-30	145-150	110-115	-	-	32.5-35	145-150
Susan Hartley (Executive Director of Quality, Improvement and Patient Experience) (Appointed 31 March 14, Resigned 31 March 2021)	0-5	-	-	-	0-5	120-125	-	-	12.5-15	130-135
Sarah Bloomfield (Executive Director of Quality and Safety) (Appointed 01 March 2021)	100-105	-	-	127.5-130	230-235	5-10	-	-	-	5-10
Dave Tomlinson (Executive Director of Finance – Appointed 1 April 2017)	130-135	-	-	-	130-135	125-130	-	-	-	125-130
Susan Young (Interim Executive Director of Strategic Partnerships) (Appointed						145-150	-	-	67.5-70	215-220

Name and title	Year ending 31 March 2022					Year ending 31 March 2021				
	Salary	Other remu-neration	Benefits in kind	Pension -related benefits	Total	Salary	Other remune ration	Benefits in kind	Pension-related benefits	Total
	(Bands of £5,000)	(Bands of £5,000)	(Rounded to nearest £100)	(Bands of £2,500)	(Bands of £5,000)	(Bands of £5,000)	(Bands of £5,000)	(Rounded to nearest £100)	(Bands of £2,500)	(Bands of £5,000)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
26 March 2020, Resigned 31 March 2021)										
Patrick Nyarumbu – Executive Director of Strategy, People and Partnerships (Appointed November 2020)	115-120	-	-	-	115-120	45-50	-	-	2.5-5	50-55
Sue Davis (Chair) (Resigned 30 November 2020)						30-35	-	-	-	30-35
Danielle Oum (Chair) (Appointed 01 December 2020)	45-50	-	-	-	45-50	15-20	-	-	-	15-20
Philip Gayle (Non-Executive Director) (Appointed 1 October 2019)	5-10	-	-	-	5-10	15-20	-	-	-	15-20
Linda Cullen (Non-Executive Director) (Appointed 1 January 2019)	5-10	-	-	-	5-10	15-20	-	-	-	15-20
Joy Warmington (Non-Executive Director) (Resigned 28 May 2021)	0-5	-	-	-	0-5	20-25	-	-	-	20-25
Waheed Saleem (Non-Executive Director) (Appointed 01 July 2013, Resigned 31 July 2021)	5-10	-	-	-	5-10	15-20	-	-	-	15-20
Prof Russell Beale (Non-Executive Director) (Appointed 1 January 2017)	15-20	-	-	-	15-20	15-20	-	-	-	15-20

Name and title	Year ending 31 March 2022					Year ending 31 March 2021				
	Salary	Other remu-neration	Benefits in kind	Pension -related benefits	Total	Salary	Other remune ration	Benefits in kind	Pension-related benefits	Total
	(Bands of £5,000)	(Bands of £5,000)	(Rounded to nearest £100)	(Bands of £2,500)	(Bands of £5,000)	(Bands of £5,000)	(Bands of £5,000)	(Rounded to nearest £100)	(Bands of £2,500)	(Bands of £5,000)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Ann Baines (Non-Executive Director) (Appointed 01 August 2021)	10-15	-	-	-	10-15					
Winston Weir (Non-Executive Director) (Appointed 01 August 2021)	10-15	-	-	-	10-15					
Gianjeet Hunjan (Non-Executive Director – Appointed 1 September 2015)	15-20	-	-	-	15-20	15-20	-	-	-	15-20
For both 2122 and 2021 there were no annual performance-related bonuses or long-term performance-related bonuses. The medical director was paid £64k during the year ended 31 March 2022 (£59k during year ended 31 March 2021) for non-director responsibilities.										

Fair pay multiple (information subject to audit)

	Year Ending 31 March 2022			Year Ending 31 March 2021		
	25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
Band of highest paid directors' total remuneration (£'000)	200-205	200-205	200-205	195-200	195-200	195-200
Median total remuneration	42,705	31,849	22,489	41,398	31,130	21,990
Ratio	4.74	6.36	9.00	4.82	6.41	9.08

Median pay-method of calculation

The payroll data was examined, exceptional items that would distort the calculation were excluded, the normalised data was used to derive an annualised pay figure, and the median calculation was determined from the resultant dataset.

Pension entitlements (information subject to audit)

Name and title	Real increase in pension at age 60	Lump sum at age 60 related to real increase in pension	Total accrued pension at age 60 ending 31 March 2022	Lump sum at age 60 related to accrued pension at 31 March 2022	Cash equivalent transfer value at 31 March 2021	Cash equivalent transfer value at 31 March 2022	Real increase in accrued pension during year
	(Bands of £2,500) £'000	(Bands of (£2,500) £'000	(Bands of £5,000) £'000	(Bands of £5,000) £'000	£'000	£'000	£'000
Roísìn Fallon Williams (Chief Executive Officer) (Appointed 1 March 2019)	0	0	0	0	0	0	0
Hillary Grant (Executive Medical Director) (Appointed 01 April 2016) (Resigned 31 March 22)	7.5-10	27.5-30	80.85	245-250	1765	0	0
David Tomlinson (Executive Director of Finance) (Appointed 3 April 2017) (Not a part of NHS Pension)	0	0	0	0	0	0	0
Vanessa Devlin (Executive Director of Operations) (Appointed 29 April 2019)	0-2.5	0	25-30	0	335	376	39
Patrick Nyarumbu (Executive Director of Strategy, People and Partnerships) (Appointed 02 November 2020) (No longer a part of NHS Pension)	0	0	0	0	0	0	0
Sarah Bloomfield (Interim Director of Quality and Safety) (Appointed 01 March 2021)	5-7.5	12.5-15	30-35	70-75	401	553	150

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

No senior managers have rights under more than one type of pension within Birmingham and Solihull Mental Health NHS Foundation Trust.

Payments for loss of office

There have been no payments made for loss of office in the reporting period.

Payments to past senior managers

There have been no payments to past senior managers in the reporting period.

Signed:

Roísìn Fallon-Williams
Chief Executive
20 June 2022

Staff report

The focus of the past year has been dominated by:

Our workforce supply and health and wellbeing response to the several waves of COVID-19 which has had significant implications for our workforce and in the way we deliver our services.

Embedding our People practice and governance arrangements to reflect and deliver the People Strategic Priority document and People Plan which takes into account the Trust's new values of Compassionate, Inclusive and Committed, the NHS People Plan and the eight areas of commitment.

The People Strategic Priority identifies three key areas of focus:

- Shaping our future workforce
- Transforming our culture and staff experience
- Modernising our people practice

In this section we also describe our approach and progress during the year in relation to areas of work which underpin the new People Strategic Priority and support staff health, wellbeing and safety.

During 2021/2022 we have:

- Embedded the People Committee which is a sub-committee of the Board into our governance arrangements to ensure oversight of the delivery of the People Strategic Priority, support optimum employee performance and enable the delivery of the Trust Strategy and business plans in line with our values; the focus of the committee is to gain assurance that risks identified related to the People Plan are identified and adequately monitored. Three sub-committees namely: Safer Staffing, Shaping Our Future Workforce and Transforming Our Culture and Staff Experience, meet each month, and provide assurance to the People Committee on the delivery of the People Strategy Implementation Plan.

- Continued to review formal People processes to ensure they are aligned to our Trust Values and incorporate Just Culture principles to enable more People related processes to be resolved informally and reduce the number of staff going through formal HR processes.

- Increased our activities to support our staff to improve and maintain their health and wellbeingthrough the COVID-19 pandemic and beyond, utilising national initiatives, and developing local interventions based on staff feedback and best practice interventions.

Leadership and culture

We are working with staff and senior leaders across the Trust to gain a deeper understanding of the root causes that are impacting on our culture - particularly those issues highlighted in the survey around bullying and harassment, team effectiveness, equality, diversity and inclusion.

Responding to this ambition, whilst mindful of time and budgetary constraints, we designed a fully blended, 15-month, iterative senior leadership development programme that focuses on delivering change at three core levels: the Committed Leader, the Compassionate Leader, and the Inclusive Leader. Leaders will pursue individual development and organisational impact guided by self-generated enquiry themes surfaced during Large Group Interventions as part of our commitment towards transforming our culture and developing our leaders.
In addition, we have refreshed the Core Leadership programme; a five-module approach to guide and support both clinical and non-clinical leaders, enhancing values-based leadership to support our organisation and positively enhancing how staff feel at work. This modular programme is aligned to our refreshed values and behaviours and will be delivered by the Learning and Development Team.

Some core elements remain at the heart of our culture change, and this embedding an organisational development (OD) mindset which includes:

- embedding principles of psychological safety at work
- supporting shared learning when things go wrong
- creating a culture of kindness and civility
- enabling our leaders to be inclusive and compassionate in their approach to people management
- supporting staff wellbeing
- enabling flexible environments for our people to flourish at work.

Average number of employees

Average number of employees (WTE basis)	Permanent number	Other number	2021/2022 total
Medical and dental	128	106	233
Administration and estates	714	74	788
Healthcare assistants and other support staff	751	54	805
Nursing, midwifery, and health visiting staff	1180	43	1223
Scientific, therapeutic, and technical staff	587	146	733
Other	51	7	58
Total average numbers	**3411**	**428**	**3839**

Staff by gender as at 31 March 2022

Staff type	Female	% female	Male	% male	Grand total
Directors	8	62%	5	38%	13
Other senior managers	295	75%	97	25%	392
Employees	2,761	73%	1,043	28%	3804
Total	**3064**	**73%**	**1145**	**27%**	**4209**

Sickness absence 2021/2022

Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021
5.29%	5.32%	6.04%	6.61%	6.10%	6.21%

Oct 2021	Nov 2021	Dec 2021	Jan 2021	Feb 2021	Mar 2021	Rolling average
6.53%	6.60%	6.58%	7.82%	6.28%	6.22%	6.30%

Average WTE 2021/22	Adjusted WTE days lost	Average sick
3,839	54,309	14.15

Average annual sick days per WTE has been estimated by dividing the estimated number of FTE days sick by the average FTE and multiplying by 225 (the typical number of working days per year).

Staff costs – information subject to audit

			2021/22	2020/21	2019/20
	Permanent	Other	Total	Total	Total
	£000	£000	£000	£000	£000
Salaries and wages	180,045	-	180,045	171,039	152,347
Social security costs	18,262	-	18,262	16,962	15,366
Apprenticeship levy	850	-	850	796	721
Employer's contributions to NHS pensions	19,618	-	19,618	18,751	17,383
Pension cost - other paid by NHSE on Provider's Behalf (6.3%)	8,326	-	8,326	7,946	7,359
Other post-employment benefits	-	-	-	-	-
Other employment benefits	-	-	-	-	-
Termination benefits	4	-	4	2	316
Agency/contract staff	-	6,382	6,382	5,333	6,459
NHS charitable funds staff	-	-	-	-	-
Total gross staff costs	**227,105**	**6,382**	**233,487**	**220,829**	**199,951**
Recoveries in respect of seconded staff					
Total staff costs	**227,105**	**6,382**	**233,487**	**220,829**	**199,951**
Of which					
Costs capitalised as part of assets	-	-			-

Average number of employees (WTE basis) – information subject to audit

			2021/22	2020/21	2019/20
	Permanent number	Other number	Total £000	Total number	Total number
Medical and dental	128	106	233	232	229
Ambulance staff			-	-	-
Administration and estates	714	74	788	758	757
Healthcare assistants and other support staff	751	54	805	851	756
Nursing, midwifery and health visiting staff	1,180	43	1,223	1,214	1,213
Nursing, midwifery and health visiting learners			-	-	-
Scientific, therapeutic and technical staff	587	146	733	675	636
Healthcare science staff	-	-	-	-	-
Social care staff	-	-	-	-	-
Agency and contract staff	-	-	-		-
Bank staff	-	-	-	-	-
Other	51	7	58	63	65
Total average numbers	**3,411**	**428**	**3,839**	**3,793**	**3,656**
Of which:					
Number of employees (WTE) engaged on capital projects	-	-	-	-	-

Equality, diversity, and inclusion

Reflecting on the time that has passed within the Equalities space, what have we done, one might ask? Over the last year we have taken an assertive approach to redesign the Equality, Diversity and Inclusion function that delivers through a quality improvement lens. Hilary Grant, our Medical Executive Director is the dedicated Board lead of reducing inequality.

We have launched our internal approach, Value Me, to addressing inequality by bringing parity to the service user and colleague experience. This approach maps across the National Mental Health advancing mental Health Inequalities strategy across our organisational strategic priorities with clear outcomes. This approach makes it clear that we need to progress service user inequalities alongside the inequalities experience by colleagues, valuing each person, to experience longer term sustained positive change.

Our activity this year has been focussed on ensuring everybody across the organisation understands their individual and collective role and responsibility in living our value of inclusion.

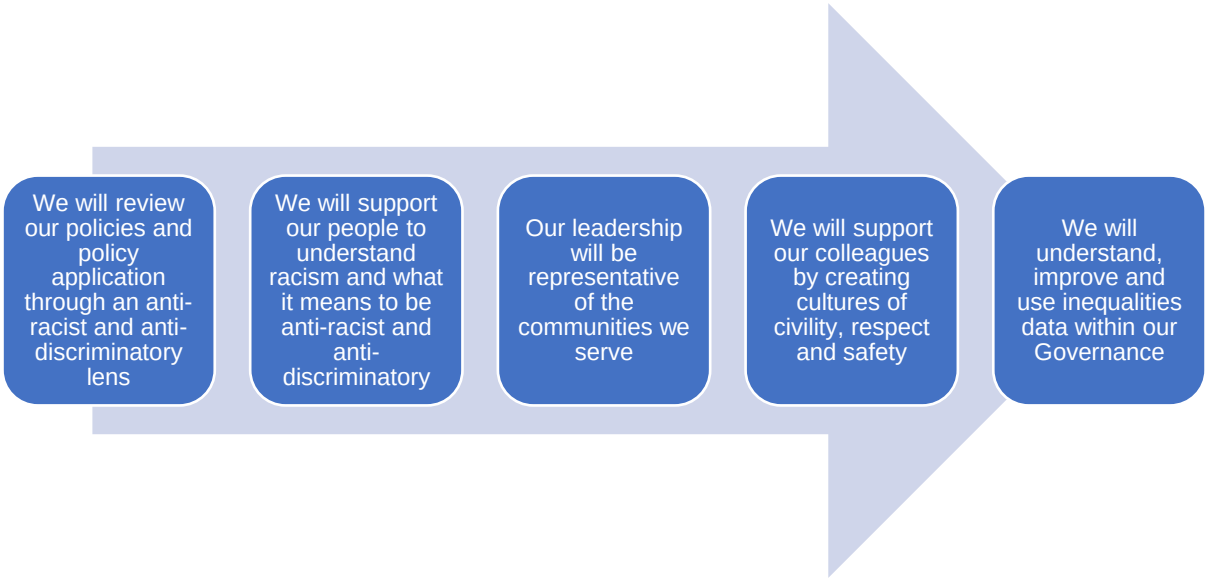
Beyond compliance

As a public sector organisation, we take our Public Sector Equality Duty very seriously and report required information as required. This year we have taken the additional step in making this information real and accessible to our colleagues at the forefront of service delivery so that they can make real advancements in developing inclusive service.

To ensure meaningful action and inclusion being the bedrock of all we do each of our Board sub-committees are working through how reducing inequalities is embedded within the existing governance infrastructure with reporting scheduled on a quarterly basis to ensure Board assurance.

Anti-racist and anti-discriminatory

Learning, information and empowerment has been the space we have been operating in to advance our assertive intention in becoming anti-racist and anti-discriminatory. Our Senior Leaders have gone through a robust race equality learning programme to ensure we have a firm foundation to build on. We are now moving actively to accountability and what this means to each one of us. Our anti-racist roadmap highlights key areas of focus that will be delivered over the next three years:



Being a pilot site for the Patient Carer Race Equality Framework (PCREF) has enabled a closer working relationship with our community partners, bringing hope of a longer term, sustainable partnership approach to service development and delivery. This year we have completed phase 1 and 2 of the Framework development which looks at our leadership and governance as well as engagement to establish the key competencies required to deliver services that deliver on race equality. The next steps will be to demonstrate compliance of our locally prioritised framework, which will be co-produced with colleagues and service users.

Building trust and confidence

We are proud to have three active colleague networks across our organisation. These networks have been critical in building trust and confidence by raising collective concerns and through collective celebration.

Through the work of our Disability and Neurodivergence network we have maintained our status as a Disability Confident Employer, with a drive on improving the access, experience, and outcomes for our colleagues with disabilities.

The LGBTQ+ network has been pivotal in building our Stonewall submissions in which we have been awarded the Silver Employer award meaning that we met over 50% of the total threshold, this being a great achievement all round.

Progressing race equality across our organisation has been our focal point in advancing equalities across all groups. This focused approach has been taken because of the disproportionate impact on our Black, Asian and Minority Ethnic colleagues. Our colleague network has been the driving this focussed approach through difficult times where we have internally and externally within our communities and wider society experienced much difficulty. Through the focus and determination of our colleague network and active allyship of our Chief Executive, we are starting to make some changes that will improve the access, experience, and outcome of our racialised communities, whether colleague, service user, carer, or community.

Engaging our people

Our engagement activity has continued in 2021/22 as we continue to engage with our employees in a compassionate and inclusive way.

Our Listen Up Live sessions have continued to provide a direct link between senior leaders and colleagues around the organisation. This is a 'Town Hall' style meeting led as a live briefing and question and answer session each week by a senior executive using Microsoft Teams to engage colleagues across all settings.

A restructure has repositioned our approach to employee engagement as part of our wider organisational development work. This helped to ensure more people (2,228) answered the national NHS staff survey this year, more than ever before at BSMHFT. The survey found that our employees' experience of engagement was at the average level of mental health trusts in the NHS.

More generally, the continued challenge of the pandemic means people are feeling less satisfied about working within the NHS and colleagues in Team BSMHFT are no exception to that. This year's results show we have much more to do, and we remain determined to change the way we work to achieve our ambition of making BSMHFT the best employer. We've heard from more of our people than ever before and we will use these answers to tackle the most important challenges we face in supporting our people. The data shows that while more colleagues are aware of our trust values, they are not yet demonstrated enough in our actions. It says we need to do more to be an inclusive anti-racist organisation and show we value and recognise the talents and efforts of all our people.

The better establishment of the role of the Trust's Freedom to Speak Up Guardian has helped to develop stronger employee voice in 2021/22 and this is reflected positively in the staff survey.

To drive improvement, a more integrated and comprehensive approach to learning from and adapting our approach to caring for our colleagues has been developed to lead to improved employee experience. Alongside a more integrated response programme to enhance the support provided by corporate teams, every team is being encouraged to focus on what the staff survey results tell them about the experience of colleagues and to individually identify ways to improve as a result.

Health and wellbeing

The Trust is committed towards improving the health and wellbeing of our colleagues from day one of their employment by ensuring they have access to services which support their overall wellbeing, encourage a healthy lifestyle, and help reduce absence. The Trust's People Strategic Priority has a specific focus on staff wellbeing with the aim to support wellbeing at various levels.

A guide to wellbeing support for colleagues was launched in August 2020 and in 2022 the Trust established a dedicated Health and Wellbeing Steering Group. The main objective of the Steering group is to continually evaluate and refresh our wellbeing offer for colleagues

alongside promoting our online guide which outlines the various wellbeing resources and support that are available.

This includes:

- National, local and in-house resources and support available to colleagues (Wellbeing apps and toolkits, resources by themes, PAM occupational health support)
- Support for building resilience and coping in teams (PAM psychological support, Schwartz Rounds, coping with long COVID workshops)
- Support for managers and team leaders (PAM psychological support, online resources, post-incident bereavement support)
- TRIM (post-incident support and trauma management which includes stepped care psychological support)
- Specialist intervention for those who need it (via PAM and other services).

Other wellbeing offers for colleagues includes:

- psychological first aid and support
- menopause toolkit and resources
- COVID-19 risk assessments and staff testing
- domestic abuse support (training and policy)
- coaching and mentoring support
- online yoga sessions
- onsite physical health check ups

Our integrated occupational health and wellbeing service which has been in place since 2016 supports our commitment to providing colleagues with a joined-up and collaborative approach towards occupational health, neuro-musculoskeletal (physiotherapy) and employee psychological support and therapies.

Working closely with our occupational health provider we continue to deliver health promotion sessions and physiotherapy drop-in sessions in a hybrid style to support our colleagues working in a hybrid model.

As part of the Integrated Care System we launched a Wellbeing Hub and Mental Health Hub. The Mental Health Hub has been set up to provide confidential psychological support and advice to colleagues. It is staffed by qualified psychologists and psychotherapists from our Trust.

The Health and Wellbeing Hub provides services such as psychological first aiders – trained and supervised, psychologically ‘savvy’ managers/supervisors, staff safety and wellbeing officers, wellbeing clinics webinars, workshops and drop-ins, psycho-educational and promotional resources, targeted campaigns and workshops e.g., sleep/anxiety and staff counselling/OH and EAP provision. Our staff have access to all services provided by the hub.

Staff survey

The NHS staff survey is conducted annually. 2228 colleagues responded, an increase of 368 respondents overall. Our response rate increased to 55% from 49%. The significant increase in the response rate provides the Trust with reliable data to inform organisational development planning and delivery. The national median response rate for comparable trusts this year was 52%. The NHS staff survey has been significantly refreshed for 2021, with 7 new themes being introduced and 2 remaining from the former survey design, therefore it is not possible to provide significant comparisons to our 2021 results.

The key findings were:

- BSMHFT performed below the average for all 9 themes.
- There were no significant changes in the performance for the two themes that have remained constant, namely staff engagement and moral.
- Improvement is still required in all nine domains for the trust to be performing at the average when benchmarked against comparative trusts.

The team is undertaking more work with directorates and divisions to support the development of local staff survey action plans. This work will involve significant staff engagement and involvement and will be performance managed within the existing performance management framework within the Trust.

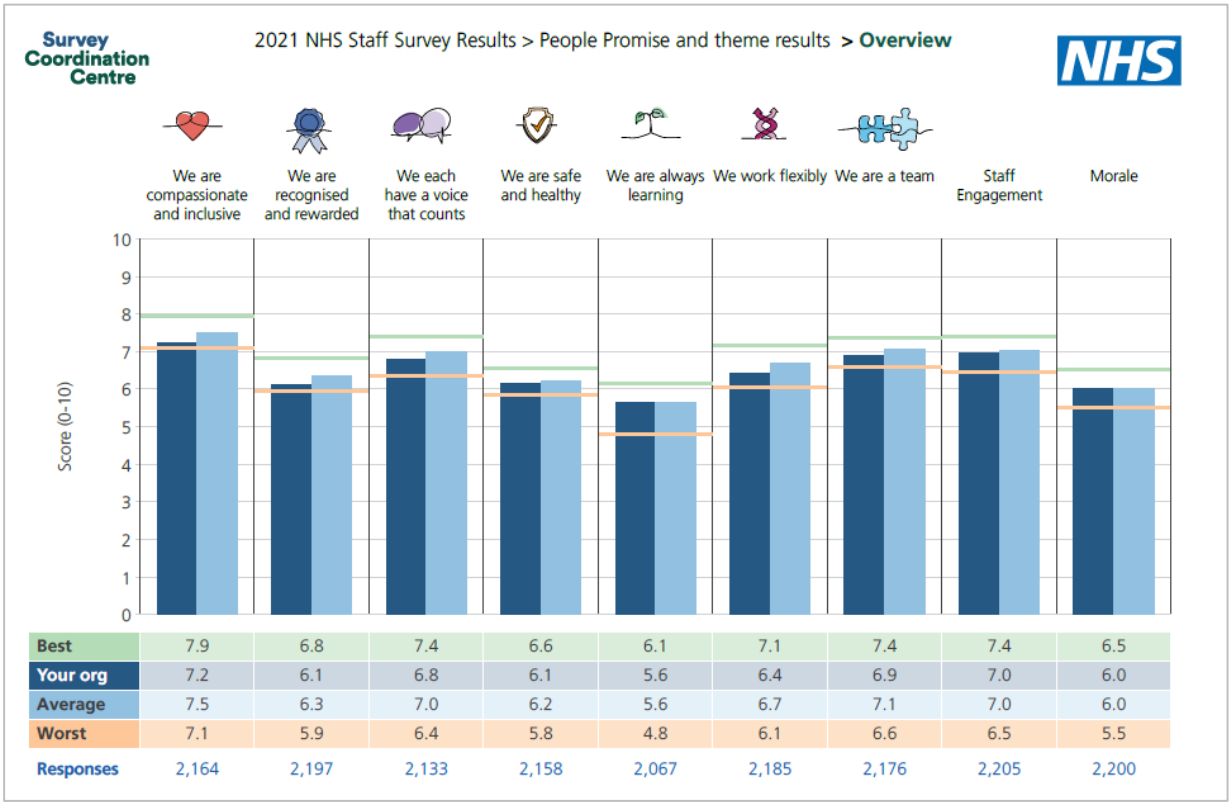
Scores for each indicator, together with that of the national average for mental health are presented below:

Indicators ('People Promise' elements and themes)	2021/2022	
	Trust score	Benchmarking group score
People Promise:		
We are compassionate and inclusive	7.2	7.5
We are recognised and rewarded	6.1	6.3
We each have a voice that counts	6.8	7.0
We are safe and healthy	6.1	6.2
We are always learning	5.6	5.6
We work flexibly	6.4	6.7
We are a team	6.9	7.1
Staff engagement	7.0	7.0
Morale	6.0	6.0

The NHS staff survey is conducted annually. From 2021/2022 the survey questions align to the seven elements of the NHS 'People Promise' and retains the two previous themes of engagement and morale. These replace the ten indicator themes used in previous years. All indicators are based on a score out of 10 for specific questions with the indicator score being the average of those.

A total of 117 questions were asked in the 2021 survey, of these 92 can be positively scored, with 60 of these which can be historically compared. Our results include every question where our organisation received at least 11 responses which is the minimum required.

The response rate to the 2021/2022 survey among trust staff was 55% (2020/21: 47%). We had 2,228 completed questionnaires this year out of 4102 which was a positive improvement on last year's response rate.



	We are compassionate and inclusive	We are recognised and rewarded	We each have a voice that counts	We are safe and healthy	We are always learning	We work flexibly	We are a team	Staff Engagement	Morale
Best	7.9	6.8	7.4	6.6	6.1	7.1	7.4	7.4	6.5
Your org	7.2	6.1	6.8	6.1	5.6	6.4	6.9	7.0	6.0
Average	7.5	6.3	7.0	6.2	5.6	6.7	7.1	7.0	6.0
Worst	7.1	5.9	6.4	5.8	4.8	6.1	6.6	6.5	5.5
Responses	2,164	2,197	2,133	2,158	2,067	2,185	2,176	2,205	2,200

Safer staffing

Throughout the last year the Trust has experienced significant challenges in relation to clinical staffing. Whilst this issue obviously impacts on quality, it can also impact our ability to deliver the agendas of People, Operational Performance and Finance. A Safer Staffing Committee has been established which has worked to ensure accurate data is presented in order to understand the true position in terms of vacancies and fill rates. Inpatient establishment reviews have not been completed for some time and therefore will be completed from the year 2022/2023 onwards. Due to the size of the challenge and the current national picture with regard to registered nursing recruitment, it is likely that this issue will require long term resolution and a number of plans are in place to support this. Oversight of this issue is through the Safer Staffing Committee which reports into the People Committee and thereby into the Trust Board

Future priorities and targets

Getting the organisational culture right will be key to achieving the desired results of significant improvements in building a climate of engagement, making our Trust a fairer place to work for everyone, and enabling the wellbeing of our colleagues and teams. Our staff survey shows there has been some small improvements in our results however longstanding issues remain. It is particularly disappointing to report that our deficits remain in the areas of bullying and harassment as well as equality, diversity, and inclusion where some of our employee engagement scores have numerically worsened. Therefore, there is much we need to do to put an end to bullying and harassment and to firmly establish an anti-racist and inclusive culture.

Some of the changes we are making that will help to address these issues form part of the implementation of the people priorities as follows:

- developing and implementing a proactive approach to people management
- supporting staff who move into management roles to develop effective people management skills
- holding forums for open conversations, early conflict resolution, resilience
- supporting effective team working,
- requiring better quality appraisals
- supporting a culture of continuous learning
- establishing clearer accountability across the system
- upskilling staff to enable career progression with particular attention to BAME staff
- breaking down obstacles faced in BAME staff accessing developmental training
- providing framework to establish anti-racist behaviour and investigate existing biases
- encouraging reverse-mentoring for senior staff
- developing interventions to support the stamping out of bullying and harassment behaviours
- ensuring any inappropriate behaviours are challenged, escalated, and addressed in an effective and timely manner
- enabling departments to set their own targets and interventions to have an impact on the experience of staff within their areas

Trade union facility time disclosures

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. These regulations place a legislative requirement on the Trust to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. The Trust data published in line with the Cabinet Office guidance is listed below:

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
17	2.2 wte

Percentage of time	Number of employees
0%	0
1-50%	13
51-99%	4
100%	0

	Figures
Provide the total cost of facility time	TBC
Provide the total pay bill	TBC
Provide the percentage of the total pay bill spent on facility time, calculated as (total cost of facility time ÷ total pay bill) x 100	TBC

Expenditure on consultancy

Expenditure on consultancy in 2021/2022 was £2.052m compared 2020/2021 was £1,308m.

High paid off-payroll engagements

For all off-payroll engagements as of 31 March 2022, for more than £245 per day and that last longer than six months

Number of existing arrangements as of 31 March 2022	0
Of which:	
Number that have existed for less than one year at time of reporting	0
Number that have existed between one and two years at time of reporting	0
Number that have existed between two and three years at time of reporting	0
Number that have existed between three and four years at time of reporting	0
Number that have existed for more than four years at time of reporting	0
Confirmation that all existing off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and where necessary that assurance has been sought.	Yes

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021, for more than £245 per day and that last for longer than six months

Number of new engagements, or those that reached six months in duration between 1 April 2020 and 31 March 2021	0
Number of the above which include contractual clauses giving the Trust the right to request assurance in relation to income tax and national insurance 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
Number that have been terminated because of assurance not being received	0

In any cases where, exceptionally: • the Trust has engaged without including contractual clauses allowing the Trust to seek assurance as to their tax obligations; or • where assurance has been requested and not received, without a contract termination please specify the reasons for this.	Assurance in ALL cases is requested at the time the contractor is set up on our systems. Payments will NOT be made under any circumstances unless assurance is received. This forms part of our 'supplier set-ups'.

For any off-payroll engagements of Board members, and/or senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022

Number of off-payroll arrangements of Board members, and/or senior officials with significant financial responsibility, during the financial year	0
Number of individuals that have been deemed "Board members and/or senior officials with significant financial responsibility". This figure should include both off-payroll and on-payroll engagements	33

In any cases where individuals are included within the first row of this table, please set out	
Details of the exceptional circumstances that led to each of these engagements	Not applicable to this reporting period.
Details of the length of time each of these exceptional engagements lasted	Not applicable to this reporting period.

Our Trust's policy on the use of off-payroll arrangements

As part of the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on the 23 May 2012, departments and their arm's length bodies, including foundation trusts, must publish information in relation to the number of payroll engagements – at a cost over £245 a day for six or more months. Since May 2012, appropriate processes have been in place to ensure that any new off payroll engagements, whether direct contractor or agency staff, have contractual arrangements in place and provide appropriate evidence to demonstrate that they pay UK Tax and National Insurance. This evidence consists of assurance via a signed declaration that the direct contractor or agency staff member is compliant with HMRC regulations for PAYE and national insurance purposes.

Exit packages – information subject to audit

The termination benefits disclosed below all relate to compulsory redundancies and other agreed departures (mutually agreed resignation scheme). Of the disclosed termination payments none were non-contractual payments requiring HM Treasury approval. This was also the case in 2021/22. There were no termination benefits paid or due in the reporting year to key management personnel, who are defined to be the Board of Directors of the Trust. This was also nil in 2020/21.

Staff exit packages	Number of compulsory redundancies 2020/2021	Number of other agreed departures 2020/21	Total number of exit packages by cost band 2021/2022	Total number of exit packages by cost band 2020/2021
Exit package cost band				
<£10,000	1	-	1	1
£10,000 - £25,000	-	-	-	5
£25,001 - £50,000	-	-	-	3
£50,001 - £100,000	-	-	-	-
£100,001 - £150,000	-	-	-	-
£150,001 - £200,000	-	-	-	-
Total number of exist packages by type	1	-	1	9
Total resource cost £000			**4**	**191**

Disclosures set out in the NHS Foundation Trust Code of Governance

There is a range of information that will be of interest to members of the public, which is included throughout the report. The elements below are key disclosures which have been brought together for ease of access.

Disclosure of audit information

So far as the Directors are aware, there is no relevant audit information of which the auditors are unaware. The Directors have taken all steps that they ought to have taken as Directors to make themselves aware of the relevant audit information and to establish that the auditors are aware of that information.

Annual Report and Accounts

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

Fit and proper persons' test

Requirements are included in the eligibility criteria for Directors regarding the need to meet the 'fit and proper' persons test described in the provider licence. Directors are required to confirm that they meet these requirements on an annual basis. All declarations and fitness checks have been undertaken during 2021/22.

Insurance

The Board of Directors has ensured the Trust has appropriate insurance to cover the risk of legal action against its Directors.

Political donations

The Trust has not made any political donations during 2021/22.

NHS Improvement's Single Oversight Framework

Single Oversight Framework

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

Segmentation

NHS Improvement has placed Birmingham and Solihull Mental Health NHS Foundation Trust in Segment 3.

What being a Segment 3 means:

Significant support needs against one or more of the five national oversight themes and in actual or suspected breach of the licence (or equivalent for NHS trusts).

This segmentation information is the Trust's position as at 31 March 2022. Current segmentation information for NHS trusts and foundation trusts is published on the NHS England website via https://www.england.nhs.uk/nhs-system-oversight-framework-2021-22/.

Statement of accounting officer's responsibilities

Statement of the Chief Executive's responsibilities as the accounting officer of Birmingham and Solihull Mental Health 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 regulatory of public finances for which they are answerable, and for the keeping of proper accounts, are set 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 Birmingham and Solihull Mental Health 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 Birmingham and Solihull Mental Health 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 to:

- Observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual (and the Department of Health and Social Care Group Accounting Manual) have been followed and disclose and explain any material departures in the financial statements
- Ensure that the use of public funds complies with the relevant legislation, delegated authorities, and guidance
- Confirm that the annual report and accounts, taken 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 the keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS Foundation Trust and to enable them to ensure that the accounts comply with the requirements outlined in the above-mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Signed

Roísìn Fallon-Williams
Chief Executive
20 June 2022

Annual Governance Statement

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Birmingham and Solihull Mental Health NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Birmingham and Solihull Mental Health NHS Foundation Trust for the year ended 31 March 2022 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Trust Board of Directors, with the support of its committees, has a key role in ensuring a robust risk management system is effectively maintained and to develop a culture whereby risk management is "business as usual" at all levels across the organisation. This ensures the best leadership, co-ordination and prioritisation is received, on a strategic and operational basis, of the risk management agenda in relation to clinical, quality, workforce, operational and financial risks. This includes the identification of the full range of risks that are inherent in the delivery of healthcare.

The Chief Executive maintains overall accountability for risk management within the Trust and has delegated responsibility to the Executive Director of Nursing who is responsible for the coordination of the management of clinical and non-clinical risk and for ensuring that risks are escalated through the risk management governance structure.

The Executive Director of Quality and Safety (Chief Nurse) is the executive lead for risk management and is supported by the Associate Director of Governance and their team. The Executive Director of Nursing is the registered officer with the CQC and responsible for ensuring compliance with the CQC regulations. While the Executive Director of Nursing has a lead role in terms of reporting arrangements, all directors have responsibility for the effective management of risk within their own area of direct management responsibility, and corporate and joint responsibility for the management of risk across the organisation.

Structures and systems are in place to support the delivery of integrated risk management, across the organisation.

The Executive Director of Finance is responsible for internal financial controls and the implementation of financial risk management, information management systems, performance review, the programme management office, property management, commissioning and contracting. The Executive Director of Finance is the Senior Information Risk Officer (SIRO).

The Executive Director of Operations is responsible for the management and co-ordination of all operational risks. The Associate Directors of Operations, reporting to the Executive Director of Operations, are responsible for the performance of their areas. Clinical Directors are responsible for clinical quality and governance for their areas. Other professional heads have responsibility for the systems of risk management at service area level and lead their implementation.

The Executive Medical Director is the Caldicott Guardian.

The Company Secretary has overall responsibility for the reporting to Trust Board of the Board Assurance Framework, reflecting the high-level risks identified in Trust risk registers and any other risks identified by the Board which threaten delivery of strategic objectives.

A primary focus of the Board has been to promote openness and transparency to reinforce the process of escalation of concerns and risks. This is reinforced through Board of Directors communications and Board visits.

The Committees of the Board of Directors are required to consider the risks pertaining to their areas of responsibility by reviewing the management of Corporate and Group top risks; reviewing Board Assurance Framework to ensure that effective controls are in place to manage corporate risks and to report any significant risk management and assurance issues to the Board of Directors. The Audit Committee considers the systems and processes in place to maintain and update the Assurance Framework, it considers the effectiveness and completeness of assurances and that documented controls are in place and functioning effectively. The Board of Directors receives reports and assurance from the Audit Committee, Integrated Quality Committee, People Committee, Performance and Productivity Committee and Mental Health Committee meetings and discusses and notes progress and assurance, as necessary.

The Board of Directors, in exercising its responsibilities, also considers key indicators capable of showing improvements in risk management and/or providing early warning of risk (e.g. incident and complaints statistics, progress in compliance with registration requirements of Care Quality Commission) through the Integrated Performance Report.

The Trust has a policy for statutory and mandatory training which requires that all senior managers of the organisation receive training and three yearly updates on core competencies in relation to risk management. The statutory and mandatory training programme reflects all key training requirements for risk management for all staff within the Trust. The risk management structure is detailed in the Trust's risk management strategy. It describes the responsibilities and accountabilities of all directors, managers and staff including the duty to identify and report risks of all kinds and the duty to act upon these using

their own skills and competencies in the management of risk. The Trust ensures, through our management structure, that we provide training and support on the delivery of risk management such as:

- local and corporate induction training
- health and safety and risk awareness
- incident reporting and monitoring
- risk management systems and process.

The risk and control framework

The Trust continually reviews its risk and control framework through its governance and operational structures. It has identified its major strategic risks, and these are monitored, maintained and managed through the Board of Directors Assurance Framework and Corporate Risk Register, supported by Group and Directorate risk registers. The Trust's approach recognises the need to ensure that risks are openly discussed and reported within a culture of improvement, honesty, and reality; as well as the need to strike a balance between stability and innovation.

The principal risks and mechanisms to control them are identified through the Assurance Framework, which is reviewed by the Board of Directors regularly. These risks are reviewed and updated through the Foundation Trust's governance structure. Outcomes are reviewed through consideration of the Assurance Framework to assess for completeness of actions, review of the control mechanisms and on-going assessment and reviews of risk score. Internal Audit provides assurance on the management of key risks and the effectiveness of the Risk Management Framework and process on a yearly basis. The Risk Management process is evaluated by Internal Audit on compliance and areas of best practice focusing on the BAF risk register and ensuring it is considered by the Trust Board and Committees sufficiently as well as risks at all levels and that there is evidence that the risks are appropriately managed.

Risks facing the organisation are identified from a number of sources, for example:

- Risks arising out of the delivery of day-to-day work related tasks or activities
- The review of strategic or operational ambitions
- As a result of an incident or the outcome of investigations
- Following a complaint, claim or patient feedback
- As a result of a health and safety inspection/assessment, external review or audit report
- National requirements and guidance.

The Audit Committee is responsible for:

- Reviewing the effectiveness of the system of internal control for risk management
- Preparing the Annual Governance Statement for approval by the Board.

The Integrated Quality Committee (IQC) is responsible for:

- Reviewing the full high-level risk register to ensure that this is reflective of quality, and safety outcomes for the Trust
- Reviewing the effectiveness of mitigating controls in managing risk
- Providing assurance of the credibility of the risk register content to the Board via the BAF.

The Finance, Performance and Productivity Committee (FPPC) is responsible for:

- Reviewing the full high-level risk register to ensure that this is reflective of performance and financial sustainability outcomes for the Trust
- Reviewing the effectiveness of mitigating controls in managing risk
- Providing assurance of the credibility of the risk register content to the Board via the BAF.

The People Committee is responsible for:

- Reviewing the high-level risk register to ensure that this is reflective of workforce risks
- Reviewing the effectiveness of mitigating controls in managing risk
- Providing assurance of the credibility of the risk register content to the Board via the BAF.

The Clinical Governance Committee is responsible for:

- Reviewing all local service area risks with a score of 15 or above and for applying risk moderation to determine the level of impact that these risks may have on delivery of corporate objectives. Where a significant impact is identified, the Clinical Governance Committee will escalate such risks to the high-level risk register.

The Transformation Board is responsible for:

- Reviewing all programme group risks linked to change programmes with a score of 15 and above and for applying risk moderation to determine the level of impact that these risks may have on delivery of corporate objectives. Where a significant impact is identified, the Transformation Board will escalate such risks to the high-level risk register.

Local Clinical Governance Committees, Trust wide governance groups, programme groups are responsible for:

- Reviewing all local and service/project specific risks and ensuring that these are documented on local risk registers
- Identifying and tracking the implementation and effectiveness of risk mitigation actions to demonstrate dynamic risk management escalating risks with a score of 15 and above to the Clinical Governance Committee or Programme Management Board as appropriate.

The Assurance Framework and risk management systems are critical elements of the Trust's system of internal control and are subject to regular review by the Trust's Internal Auditor. In 2021/22, this review provided limited assurance mainly because the auditor was unable to complete a significant number of audit tests as an interim member of staff failed to provide requested documentation.

Trust management is satisfied that the approach to risk management and control is sound and that there are no fundamental issues, but independent assurance has not been provided in the short term.

The Trust has plans to address this issue during 2022/23 with improved alignment between the Assurance Framework and risk management systems and the Internal Auditor will ensure that all outstanding tests are completed and full independent assurance can be provided.

Governance

The principal committees of Trust Board and their responsibilities are set as follows.

The role of the Audit Committee is to oversee arrangements and review findings for:

- governance, risk management and internal control
- internal audit and counter fraud
- external audit
- other assurance functions
- the process for managing risks is sound.

The role of the Quality, Safety and Patient Experience Committee is to:

- Provide assurance to the Board on the effectiveness of the quality and safety of services and to ensure regulatory compliance in respect of quality
- Ensure that the Trust is aiming to achieve the highest standards of quality around safety, service user experience and clinical effectiveness as outlined in the Well Led Framework, the Quality Strategic Priority and Quality Accounts
- Review relevant high-level risks and escalate to FPPC and Audit Committee as appropriate in order to ensure these are properly reflected in the BAF
- Scrutinise and challenge quality information and service redesign plans and ensure that any potential impact on finance is fed back to FPPC
- Provide assurance to the on all matters related to the administration on mental health legislation with reference to guiding principles laid out in the Code of Practice.

The role of the Remuneration Committee is to review reports on:

- Appraisal and approve remuneration of the Chief Executive, Executive Directors and Company Secretary
- Annual benchmarking data related to remuneration of Board level positions
- Ensure appropriate arrangements are in place and followed regarding termination of Board Executive Director appointments
- Ensure all provisions regarding disclosure of remuneration including pensions of Board Directors are fulfilled.

The role of the Finance, Performance and Productivity Committee is to:

- Consider the Trust's medium and long-term financial strategy and financial health
- Monitor progress of major capital investments and the short, medium- and long-term capital programme
- Maintain an oversight of, and receive assurances on, the robustness of the Trust's key income sources, including new business tender submissions
- Consider savings targets and plans and endorse them for approval by the Board
- To monitor progress against the cost improvement programme
- Consider the Trust's approach to tax
- Approve and keep under review the Trust's investment strategy and policy
- Receive regular reports and insights regarding organisational performance in a form determined by the Committee, including external benchmark information as an aid to improving overall performance and productivity of the Trust
- Review relevant high-level risks and escalate to IQC and Audit Committee as appropriate in order to ensure these are properly reflected in the BAF

- Scrutinise and challenge financial information and service redesign plans and ensure that any potential impact on quality is fed back into committee structures,
- Seek assurance regarding the operational delivery of ICT, its impact on users and plans for sustaining it.

The role of the People Committee is to provide assurance that:

- The people, leadership and organisational development strategies, structures, systems and processes are in place and functioning to support employees in the provision and delivery of high quality, safe patient care
- Processes are in place to support optimum employee performance to enable the delivery of strategy and business plans in line with the trust's values
- The Trust is meeting its legal and regulatory duties in relation to staff, volunteers and peers by experience
- Where there are human resource risks and issues that may jeopardise the Trust's ability to deliver its objectives, that these are being managed in a controlled way
- There is a focus on wellbeing where staff are the top priority to support a happy workforce
- To provide assurance on workforce governance.

Each committee undertakes an annual review of its performance against the work plan of the committee and provides an update to the Board following each meeting. As part of their routine 2021/22 audit plan, the Trust's Internal Auditors reviewed the Organisational Risk Register and systems underpinning risk management and concluded "Documentation provided indicated a generally sound structure within management and systems to provide for an adequate framework in respect of the risk register and BAF".

During 2021/22 the most significant risks being addressed by the Trust are detailed below. The major risks are considered those rated at 15 or above at a corporate level on the standard 5x5 matrix for risk scoring. All areas identified have a work programme in place in mitigation.

Area	Risk
Trust wide	Shrinking supply of mental health nurse nationally. Additionally, difficulties in recruiting to and retaining Band 5 Registered Mental Health Nurse and shortage of experienced Band 6 Registered Mental Health Nurses continues to be a challenge. Nearly a third of all leavers are band 5 nurses and band 3 HCAs from inpatient settings (including secure services). Additionally, recent intelligence is showing that the bursary is impacting nursing in particular mental health nursing which historically attracted a mature workforce (e.g., the potential impact on living standards).
Trust wide	The risk of high levels of bullying and harassment by staff and managers on their colleagues leading to poor morale, increased sickness, poorer quality of care and reduced retention rates. Lack of resources in OD to support.
Trust wide	Door tops have been identified as anchor points. A comprehensive programme is in place to ensure door top alarms are in place across all inpatient units.

Area	Risk
Acute	Failure to recruit and retain staff to enable safe staffing levels could result in a breach of HCSA regulation 18 (staffing). Risk of increasing reliance on agency and temporary workforce, will result in poor continuity of care and impact on safer staffing requirements.
ICCR and Dementia and Frailty	There is a risk that there is insufficient capacity across care pathways is resulting in increased waiting times for assessment and treatment.
Acute	The pandemic has seen an increase in acuity and demand creating pressure across the acute care system.
Trust wide	Acuity and resourcing have impacted on seclusion of service users outside of purpose-built seclusion suites.
Trust wide	Savings schemes are not delivered in full meaning the Trust may fail to meet its financial plan leading to a deficit in year, a fall in financial risk rating or inability to fund capital programme.
Urgent care	Increase in section 136 by police leading to increase clinical activity in urgent care.
Cyber security	There is an increasing requirement to protect the NHS from cyber-attacks. There is a demand to focused arrangements 24/7 to protect the Trust from attack.

These risks will carry forward into 2022/23.

The Trust has put in place controls and actions to mitigate these risks and these are described in the organisational risk register.

Through its risk management policies, the Board of Directors promotes open and honest reporting of incidents, risks and hazards. The use of a nationally recognised risk rating tool supported by agreed assurance level definitions ensures a standard approach is taken to prioritising risks.

The Board of Directors has kept under review its arrangements in relation to the NHS foundation trust condition 4 (FT governance). As identified above, each committee reviews its own effectiveness and the Board sub-committees have provided annual reports to the Board of Directors.

The Board of Directors has held sessions with the governors on a range of issues.

The Audit Committee ensures that any actions identified in the Corporate Governance Statement are reviewed and met.

The Policy Management Framework provides a standard process for the development, approval and review of all Trust policies. Inherent in this is the requirement for equality impact assessments to be undertaken on all policies. Compliance with all the requirements has to be demonstrated to the Clinical Governance Committee or alternative approved ratifying committee before a policy is approved.

An established Transformation Hub is in place which ensures overarching governance and risk management of all service development and change projects incorporating Project

Management Office Projects, Quality Improvement Projects and Research and Innovation Projects.

The focus on training in relation to incident investigations is the use of root cause analysis techniques including a human factors approach; this reinforces a positive learning approach with the emphasis on system improvement rather than individual blame.

There are a range of formal mechanisms for engaging with partner organisations, governors, service users and the wider public, ensuring that risks are fully understood and are embedded into business planning and performance management processes. The Trust works closely with key stakeholders and there are a number of joint structures that already exist between agencies (e.g., strategic partnership board, system oversight groups and commissioning committees).

The Trust will endeavour to involve partner organisations in all aspects of risk management and has established a joint memorandum of understanding with system partners for multi-agency serious incident reviews. Engagement of service users and carers is the key to our success. The Trust moves forward in this commitment through a number of initiatives. These include all aspects of service design, the mechanisms through which we hear and respond to user and carer feedback and all initiatives embedding recovery throughout services.

Co-production and co-design sit at the heart of the Trust's commitment, and throughout the year, we have sought to embody this as we create opportunities for people with lived experience of mental ill health to take an active part in all elements of delivery and design, as equal partners.

Emergency preparedness, resilience and response (EPRR) has been focussed on the management and response to the COVID-19 pandemic for the duration of the 2021/22 period to ensure business resilience and continuity. pressures on provider organisations at the time).

The Trust's internal audit programme supports the organisation in continuously strengthening its governance processes.

The Trust recognises the continued complexity and challenges associated with cyber resilience and prioritises cyber security across all its data management responsibilities. We operate a multi-faceted approach to ensure we have the "Appropriate security", considering the nature of the personal data being processed, the risk the processing poses to the individuals' rights and freedoms, and the resources and tools available to help protect that data. BSMHFT work closely with ICS Partners across Birmingham and Solihull and the National Cyber Security Centre, the UK's technical authority on cyber threats, in developing a set of security outcomes we can use when trying to determine the measures that are appropriate for them. These include:

- Managing security risk – having appropriate organisational structures, policies, and processes to manage security risks to personal data
- Protecting personal data against cyber-attack – having appropriate security measures that cover both the personal data that is processed, as well as the systems that process it

- Detecting security events – monitoring the status of systems processing personal data and ensuring that unexpected events can be acted on in an appropriate timeframe
- Minimising the impact – restoring systems and services, managing incidents appropriately, and learning lessons for the future.

Future risks and associated mitigations are identified in a number of ways, including horizon scanning the environment in which the Trust is operating, as well as through the regular refresh of the organisational risk register following the annual planning process. The Trust is required to be registered with the Care Quality Commission (CQC) for the delivery of services. The Trust achieved registration for all of our services with the CQC and holds an overall rating of Requires Improvement.

The CQC issued a section 31 enforcement action in 2020 in relation to two matters of concern, quality of care planning and ligature risks in the physical environment. The Trust continues to closely monitor and govern the associated improvement plan around these areas and is making monthly monitoring submissions to the CQC on progress, along with participation in monthly monitoring meetings with the regulator.

The organisation has several patient experience groups, where patients and carers are members. These oversee and monitor involvement and patient experience activity in the Trust. Our patient advice service (PALS) captures low-level concerns and issues raised by patients and the public. It is also fully integrated within the complaint's management process. These and other patient experience issues are considered and ultimately reported to the Quality, Patient Experience and Safety Committee.

The Board papers, agendas and minutes are also shared with the wider Council of Governors. The (Governor) Nominations and Remuneration Committee in 2020/21 has reviewed the remuneration of the Non-Executive Directors. In 2021/22, the Council of Governors received presentations and had the opportunity to comment on a range of topics.

The Council of Governors is an important piece of the overall governance jigsaw of the Trust. The foundation trust has an on-line portal for the declaration of interests including gifts and hospitality, for decision making staff and can be access by staff and members of the public here: https://bsmhft.mydeclarations.co.uk/home. As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the scheme are in accordance with the Scheme rules and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. Compliance is reported on an annual basis with regular progress/actions being taken to the Integrated Quality Committee.

The Trust has three staff networks (BAME, Disability and Neurodiversity and LGBTQ+) who are recognised as key stakeholder groups within the Trust decision-making and consultative processes. In addition, the networks play a key role in supporting the Trust in its commitment towards national standards including the NHS Workforce Disability Equality Standards,

Accessible Information Standards as well as our commitment towards our Equality, Diversity and Inclusion Framework.

Climate change

To enhance the above and taking into account the needs for resilience and Climate Change adaption, the Trust's Energy and Environment Manager has chaired a multi-disciplinary group (with external specialist advisors) to compile a draft Sustainability and Resilience Action Plan that details responsibilities and actions necessary to address matters including the need for climate change adaption. The plan also includes a review of the geography of the estate in terms of weather extremes and adaption 'hot spots' that will support both the Estates Strategy and service delivery strategies.

Well Led Framework

In February 2020, the Trust engaged the Good Governance Institute, to identify actionable activities that will be transformational in nature and will help the Trust in sustaining the governance reforms. Throughout the year, the Trust has been ensuring recommendations are implemented and governance processes streamlined with reports being presented to the Board of Directors.

The principle of learning lessons remains a priority. The Trust continues to receive assurance by receiving an integrated quality report on a quarterly basis at the Quality, Safety, Patient Experience Committee meeting which provides an overview of aggregated intelligence arising from incidents, regulators, complaints, inquests and litigation by quarter.
The document identifies the volume of intelligence being reported within the Trust, alongside the underlying issues of risk to be addressed moving forward.

It is every staff member's duty to seek to minimise risk and to report untoward incidents where they occur in order to prevent recurrence. All members of staff are responsible for managing risks within the scope of their role and as part of their responsibilities as employees of the Trust, working to professional codes of conduct.
The Trust aims to systematically review and learn from untoward incidents and complaints. Good practice and changes to policies are communicated through email, intranet, service area reports, newsletters, and team briefs.

All performance information in relation to the Trust's priority indicators are reported to the Quality, Patient Experience and Safety Committee and Finance, Performance and Productivity Committee. Each report includes a RAG rating of data accuracy reflecting entry accuracy, timeliness, and reporting accuracy.

In line with its strategic framework and values, the Trust has further sought to ensure a culture of openness and empowerment to its staff. This is intended to ensure that risks can be promptly identified and responded to. This is reinforced in a range of ways including:

- promotion of incident reporting. The Trust actively seeks to increase the level of incident reporting – particularly for non-nursing staff groups who tend to report less.
- weekly feedback brief sent to all staff from the Chief Executive
- high Board level presence within clinical teams and departments

- the reinforcement of the role of the Freedom to Speak Up Guardian
- delivery of a range of staff engagement activities which build on our previous work to regularly promote staff engagement and recognition activities and events at the Trust.

Assurance in relation to CQC regulation requirements is led by the Executive Lead, Director of Quality and Safety *(Chief Nursing Officer),* and Associate Director of Governance. Our internal approach to peer review against the regulatory framework enables local understanding of regulatory requirements and compliance with teams being empowered to self-assess compliance resulting in the sharing of good practice and the development of local improvement plans.

The Trust learns from good practice through a range of mechanisms including national guidance/alerts, benchmarking, clinical supervision and reflective practice, individual and peer reviews, performance management, continuing professional development programmes, clinical audit and application of evidence-based practice and meeting risk management standards.
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There are formal mechanisms in place to ensure that external changes to best practice, such as those issued by the National Institute for Clinical Excellence, are incorporated into Trust policies procedures and clinical guidelines.

The focus of investigations around serious incidents is to identify system failures which can then be addressed through action plans. The Trust actively promotes a systems approach to incidents to ensure appropriate risk reporting and support teams to address weaknesses when identified. The Trust has established a Compassion at Work Group to ensure that support is available to staff undergoing challenging times with Schwartz Rounds and Balint Groups in place.

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

The Trust reviews economy, efficiency and effectiveness through the review of finance and performance at budget manager, associate director and overall Trust level. In addition to a system of devolved budget management, the Trust considers performance, quality standards and financial targets through a range of formal Trust groups, such as Sustainability Board and Performance Delivery Group. There is also a system of reporting finance and performance to the Board of Directors, supported by detailed performance and financial reporting to the Finance, Performance and Productivity Committee.

As the Trust operated through the pandemic period with a focus on key areas (COVID-19; quality and safety; health and wellbeingof staff; risk; finance/impacts on performance and statutory requirements) it adapted its finance and performance approach to be flexible to support system partners and patients through accessing COVID-19-specific funding.

The New Code of Audit Practice relating to Value for Money has increased the prominence and expectations of Audit Committees as those charged with governance. Specifically, one of the indicators of ‘adequate arrangements’ covers ‘effective challenge from those charged

with governance/audit committee'. The arrangements, which are explicitly considered by the Audit Committee, are as follows:

Proper arrangements	Is the arrangement described in the AGS?
Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services, including	
how the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	The Trust has well established routines for identifying and quantifying financial pressures which has been proven to be effective by the degree of the Trust's compliance with its financial plans. The Trust has decided to improve its process of identifying financial pressures as they emerge.
how the body plans to bridge its funding gaps and identifies achievable savings	As part of its normal financial planning processes, the Trust identifies estimates of any financial gaps in the short and medium term and uses them to set savings targets. Schemes are assessed using Clinical, Quality and Equality Impact Assessments.
how the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	Saving schemes are assessed using Clinical, Quality and Equality Impact Assessments.to ensure they are sustainable and impacts are understood
how the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system	Trust officers work together to ensure consistency between various plans and work closely with colleagues across the STP to ensure consistency and alignment with local system plans
how the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	Trust officers triangulate the financial position with other relevant issues, such as demand, workforce, to identify emerging themes and initiate corrective action where required
Governance: how the body ensures that it makes informed decisions and properly manages its risks, including	
how the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	The Trust has a robust internal audit service, supplied by TIAA, which provides independent assurance over its approach to risk. TIAA also supply a comprehensive counter fraud service
how the body approaches and carries out its annual budget setting process	The Trust carries out an annual planning process that considers emerging pressures, developments and commissioning intentions. Budgets are developed a spart of this exercise and considered for approval by the Board

Proper arrangements	Is the arrangement described in the AGS?
how the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed;	The Trust has a range of management groups to review performance on a monthly basis including financial and to initiate any required corrective action. These groups include performance Delivery Group, Sustainability Board and the Strategy and Transformation Board. This process provides assurance to Board sub-committees, including IQC, FPP and People, The Integrated Performance Report is provided to the Board on a monthly basis to summarise all these matters
how the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee	The Board committees review all relevant matters to provide assurance to the Board. This process includes objective challenge and the Audit Committee independently reviews performance, the annual accounts and the annual report. An internal audit service is provided by TIAA to offer independent assurance to the Audit Committee
how the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/ conflicts of interests)	The Company Secretary maintains appropriate registers including declarations of interest and provides appropriate advice and guidance as required by the Board and its committees
Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services, including:	
how financial and performance information has been used to assess performance to identify areas for improvement	The Trust's Integrated Performance Report which is reviewed by the Executive Team, the Performance Delivery Group and the Board and its committees offers a balanced analysis of performance across all domains, offering insights to Board committees
how the body evaluates the services it provides to assess performance and identify areas for improvement;	The Trust's Integrated Performance Report which is reviewed by the Executive Team, the Performance Delivery Group and the Board and its committees offers a balanced analysis of performance across all domains, offering insights to Board committees
how the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve;	The Trust has identified partnerships as a key element in its refreshed strategy and monitors effectiveness and engagement on an ongoing basis. The Director of Strategy, People and Partnerships has the executive lead in this area.
where the body commissions or procures services, how the body	The Trust operates a dedicated procurement function to police and support its relevant activities in this area,

Proper arrangements	Is the arrangement described in the AGS?
ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits	including the delivery of value for money. This function is subject to cyclical review by Internal Audit

Internal audit

I have received the Head of Internal Audit's overall opinion which detailed:

TIAA is satisfied that, for the areas reviewed during the year, Trust has reasonable and effective risk management, control and governance processes in place. Not having completed all of the planned work due to the global COVID-19 pandemic has not impacted on our overall assessment.

This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by Trust from its various sources of assurance.

Information governance

During the period 1 April 2021 and 31 March 2022, the Trust has continued to review and improve its information governance framework.

The management of information governance risks is reviewed through monitoring information assets, information flows and information governance incidents. This activity is supporting the application and monitoring of compliance against the requirements of the Data Security and Protection Toolkit. Achievement against this is monitored through the Information Governance Steering Group which receives reports on all key information governance issues.

The information governance team received reports of *234 incidents between 1 April 2021 and 31 March 2022*. This figure includes any medical records incidents as well as the reported loss of smartcards.

There were 6 serious incidents regarding breach of confidentiality reported to the Information Commissioners Office via the information governance incident national reporting tool. The incidents have been reviewed by the Information Commissioners' office who have determined that the Trust has taken appropriate action and no fines or penalties have been levied towards the Trust.

Data quality and governance

A data quality policy is in place which covers the collection, recording, validation, further processing and reporting of all types of service user, staff, clinical/operational, financial and other corporate information generated and used within, or reported externally by, the Trust. The responsibility for the Trust's Data Quality Policy rests with the Head of Information but delivery is across all corporate and operational services.

Data quality is managed via the Trust's Data Quality Assurance Group, which reports to the Information Governance Steering Group and ensures that the data quality requirements within the NHS national Data Security and Protection Toolkit are met. The group regularly reviews a range of data quality measures across the patient pathway and reports any issues or concerns to operational services for improvement action.

The Trust contributes information to three core national data collections every month, relating to mental health, addictions and psychological therapy services respectively. Submissions to each data set are subject to continuous quality improvement work supported by a wide range of internal checks. External data quality reports which summarise data completeness and validity are also used to identify and improve on any areas of weakness.

In 2021/22 the trust has continued to meet the 95% target for the national Data Quality Maturity Index score and is consistently in the top ten nationally. The 'Improving Access to Psychological Therapies' data set consistently scores above 98% and members of the service contribute actively to the Data Quality Assurance Group.

The Trust's performance report includes measures which cover national, commissioner and local priorities and a data quality RAG (red/amber/green) rating for each measure.
All measures are audited on a rolling programme of annual audits, assessing data entry accuracy, timeliness and reporting accuracy. Lessons learnt from these audits are shared with operational services and action plans developed and implemented to address data quality issues identified.

Training is given to all staff in the use of clinical systems and additional data entry guides are available to support this training. A range of exception reports are available for all Trust performance indicators along with case management reports which support teams in improving data quality.

It is an acknowledged issue that some data collection to meet national, commissioning and local reporting requirements is not well integrated into the core data processes in our primary patient information system, a factor which is outside the Trust's immediate control. This leads in some cases in staff needing to complete extra forms, resulting in a greater burden of data entry on staff, and therefore in challenges in ensuring data collection is always consistent and complete. These concerns are kept under regular review and taken into account in the Trust's active ongoing processes for reviewing and streamlining clinical data collection. the burden of data entry on staff and challenges in ensuring its consistent use.

Annual quality report

The Directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. NHS Improvement (in exercise of the powers conferred on Monitor) has issued guidance to NHS Foundation Trust Boards on the form and content of the annual Quality Reports which incorporate the above legal requirements in the NHS Foundation Trust reporting Manual.

The organisation has clear governance and leadership arrangements to ensure the development and achievement of quality improvement across the organisation, which is underpinned by a robust framework. Executive responsibility for quality and safety rests with the Executive Director of Nursing and Executive Medical Director.

The quality team works with operational managers to monitor progress in delivering our core quality initiatives inclusive of Commissioning for Quality and Innovation (CQUIN), the quality schedule and quality account.

The key document for quality measurement and reporting is the quality account of which a quarterly update of the quality indicators is presented to the Quality, Patient Experience and Safety Committee. The quality priorities identified in the account are sources from a review of risks, innovation and internal discussion; these are then widely consulted upon to ensure they are appropriate. The account will be reviewed in a number of forums and published in line with national guidance.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the Executive Directors, Senior Managers and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. 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 of Directors, the Audit Committee, the Quality, Patient Experience and Safety Committee and Finance, Performance and Productivity Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The organisational risk register provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by:

- Routine reporting of incidents to the Board of Directors
- PALS and complaints reports
- Patient stories at Board meetings
- Serious incident reviews

- The Trust's assurance structure and reporting for statutory body registration requirements
- Internal audit assessments of the Trust's risk management structure processes
- Board development days
- The work of the Audit Committee, the Integrated Quality Committee and the Finance. Performance and Productivity Committee
- Internal and external audit reports
- Reports from regulators
- The work of the local counter fraud specialist
- Operational teams presenting at the Board and Committees
- Trust responses to external inquiries and reports
- Coroner reports and trust response
- Directorate and service performance reviews.

The review and maintenance of the effectiveness of the system of internal control is undertaken as follows:

The Board of Directors receive reports from the Quality, Patient Experience and Safety Committee, the Finance, Performance and Productivity Committee, the Audit Committee and the Council of Governors in public session. These reports highlight issues of assurance and concern for the Board of Directors, The Audit Committee has oversight of governance arrangements and receives appropriate external assurance.

The Audit Committee ensures the establishment and maintenance of an effective system of internal control and risk management. All managers have the responsibility for developing and implementing the risk management strategy and policy through the line management of individual directorates. The risk management strategy is annually reviewed by the Board

The Finance, Performance and Productivity Committee assures effective control on financial and performance matters

The internal auditors verify that a suitable and effective system of risk management and internal control is in place on an annual basis. They have direct access to the Chair of the Audit Committee to raise any issues of concern.

Conclusion

My review confirms that the Trust has a generally sound system of internal controls that supports the achievement of our policies, aims and objectives and that any control issues have been addressed. No significant internal control issues have been identified. The Trust is committed to the continuous improvement of processes of internal control and assurance and as such may introduce additional controls within the forthcoming financial year (2022/23) as the Board of Directors deem necessary.

Roísìn Fallon-Williams
Chief Executive
20 June 2022

Independent auditors' report on the financial statements

Independent auditor's report to the Council of Governors of Birmingham and Solihull Mental Health NHS Foundation Trust

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Birmingham and Solihull Mental Health NHS Foundation Trust ('the Trust') and its subsidiaries ('the Group') for the year ended 31 March 2022 which comprise the Consolidated statement(s) of Comprehensive Income, the Trust and Consolidated Statement(s) of Financial Position, the Trust and Consolidated Statement(s) of Changes in Taxpayers' Equity, the Consolidated Statement(s) 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 accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual 2021/22 as contained in the Department of Health and Social Care Group Accounting Manual 2021/22, 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 2022 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 2021/22; 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's or the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and accounts, 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 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 2021/22 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Trust and Group, we identified that the principal risks of non-compliance with laws and regulations related to the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012) and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Accounting Officer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Audit Committee the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Trust and Group which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the Comptroller and Auditor General in April 2021.

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

Report on 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 2022.

We have nothing to report in this respect.

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 under 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, and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Code of Audit Practice

In our opinion:

- the parts of the Remuneration Report and Staff Report subject to audit have been properly prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2021/22; and
- the other information published together with the audited financial statements in the Annual Report and Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the NHS Foundation Trust Annual Reporting Manual 2021/22; 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; or
- we refer a matter to the regulator under Schedule 10(6) of the National Health Service Act 2006; or
- we issue a report in the public interest under Schedule 10(3) of the National Health Service Act 2006.

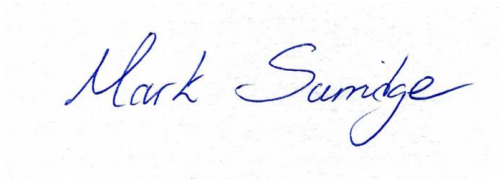
We have nothing to report in respect of these matters.

Use of the audit report

This report is made solely to the Council of Governors of Birmingham and Solihull Mental Health 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 Birmingham and Solihull Mental Health NHS Foundation Trust and Birmingham and Solihull Mental Health 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, Key Audit Partner 21 June 2022

For and on behalf of Mazars LLP

Two Chamberlain Square, Birmingham, B3 3AX

Birmingham and Solihull Mental Health NHS Foundation Trust

Consolidated financial statements 2021/22

31 March 2022

Birmingham and Solihull Mental Health NHS Foundation Trust
March 31 2022

Foreword to the Accounts

These accounts, for the year ended 31 March 2022, have been prepared by Birmingham and Solihull Mental Health NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

Roisin Fallon-Williams, Chief Executive
20 June 2022

Birmingham and Solihull Mental Health NHS Foundation Trust
March 31 2022

Consolidated statement of comprehensive income for the year ended March 31 2022	Note	March 31 2022 £000 Total	March 31 2021 £000 Total
Income from patient care activites	2	347,907	271,033
Other operating income	2	17,665	30,022
Operating costs	4	(359,068)	(295,170)
Operating Surplus / (Deficit)		6,504	5,885
Finance Costs			
Finance income	7	26	-
Finance costs	8	(5,600)	(5,703)
PDC Dividend payable		(1,921)	(1,637)
Net Finance Costs		(7,495)	(7,340)
Corporation tax expense	29	(294)	(306)
Surplus / (Deficit) from Operations		(1,285)	(1,761)
Surplus / (Deficit) for the year		(1,285)	(1,761)
Other comprehensive Income / (Expense)			
Will not be reclassified to income and expenditure:			
Revaluation (losses) / gains on property, plant and equipment		9,283	2,834
May be reclassified to income and expenditure when certain conditions are met:			
Total comprehensive income / (Expense) for the year		7,998	1,073

Birmingham and Solihull Mental Health NHS Foundation Trust
March 31 2022

Statement of Financial Position		Group		Trust	
	Note	**March 31 2022**	March 31 2021	**March 31 2022**	March 31 2021
As at March 31 2022		**£000**	£000	**£000**	£000
Non-current assets					
Intangible assets	9	**6,682**	5,867	**6,682**	5,867
Property, plant and equipment	10	**190,356**	180,622	**80,053**	77,939
Subsidiary investment	12	**-**	-	**27,325**	26,860
Trade and other receivables	13	**1,516**	1,558	**61,901**	63,438
Deferred tax asset	30	**103**	58	**-**	-
Total non-current assets		**198,657**	188,105	**175,961**	174,104
Current assets					
Inventories	11	**423**	380	**263**	216
Trade and other receivables	13	**10,908**	9,734	**13,318**	12,856
Cash and cash equivalents	22	**54,799**	28,803	**51,414**	26,114
Total current assets		**66,130**	38,917	**64,995**	39,186
Current liabilities					
Trade and other payables	14	**(49,212)**	(32,256)	**(47,612)**	(31,843)
Borrowings	16	**(4,403)**	(4,272)	**(4,403)**	(4,272)
Provisions for liabilities and charges	19	**(1,169)**	(1,196)	**(1,169)**	(1,196)
Other liabilities	15	**(25,370)**	(13,179)	**(25,291)**	(13,670)
Total current liabilities		**(80,154)**	(50,903)	**(78,475)**	(50,981)
Total assets less current liabilities		**184,633**	176,119	**162,481**	162,309
Non-current liabilities					
Borrowings	16	**(74,904)**	(78,822)	**(74,904)**	(78,822)
Provisions for liabilities and charges	19	**(4,348)**	(2,437)	**(4,348)**	(2,437)
Other liabilities	15	**-**	-	**-**	-
Total non-current liabilities		**(79,252)**	(81,259)	**(79,252)**	(81,259)
Total assets employed		**105,381**	94,860	**83,229**	81,050
Financed by (taxpayers' equity)					
Public dividend capital		**113,050**	110,527	**113,050**	110,527
Revaluation reserve		**36,753**	27,470	**6,443**	4,767
Income and expenditure reserve		**(44,422)**	(43,137)	**(36,264)**	(34,244)
Total taxpayers' equity		**105,381**	94,860	**83,229**	81,050

The accounts and the associated notes were approved by the Audit Committee, who have delegated authority from Trust Board to approve the financial statements. The financial statements were approved on 16th June 2022 and signed on its behalf by:

Signed: .....Roisin Fallon-Williams, Chief Executive

Date: 20 June 2022

Birmingham and Solihull Mental Health NHS Foundation Trust
March 31 2022

Group statement of Changes in Taxpayers Equity **For year ended March 31 2022**	Total Taxpayers Equity £000	Public dividend capital £000	Revaluation reserve £000	income and expenditure reserve £000
Taxpayers' Equity at April 1 2021 - as previously stated	94,860	110,527	27,470	(43,137)
Prior period adjustment	-	-	-	-
Taxpayers' Equity at April 1 2021	94,860	110,527	27,470	(43,137)
Surplus / (Deficit) for the year	(1,285)	-	-	(1,285)
Revaluation gains/ (losses) on property, plant and equipment	9,283	-	9,283	-
Public Dividend Capital Received	2,523	2,523	-	-
Taxpayers' Equity at March 31 2022	105,381	113,050	36,753	(44,422)
Taxpayers' Equity at April 1 2020 - as previously stated	89,942	106,682	24,636	(41,376)
Prior period adjustment	-	-	-	-
Taxpayers' Equity at April 1 2020	89,942	106,682	24,636	(41,376)
Surplus / (Deficit) for the year	(1,761)	-	-	(1,761)
Revaluation gains/ (losses) on property, plant and equipment	2,834	-	2,834	-
Public Dividend Capital Received	3,845	3,845	-	-
Taxpayers' Equity at March 31 2021	94,860	110,527	27,470	(43,137)

Trust statement of Changes in Taxpayers Equity **For year ended March 31 2022**	Total Taxpayers Equity £000	Public dividend capital £000	Revaluation reserve £000	income and expenditure reserve £000
Taxpayers' Equity at April 1 2021 - as previously stated	81,050	110,527	4,767	(34,244)
Prior period adjustment	-	-	-	-
Taxpayers' Equity at April 1 2021	81,050	110,527	4,767	(34,244)
Surplus / (Deficit) for the year	(2,020)	-	-	(2,020)
Revaluation gains/ (losses) on property, plant and equipment	1,676	-	1,676	-
Public Dividend Capital Received	2,523	2,523	-	-
Taxpayers' Equity at March 31 2022	83,229	113,050	6,443	(36,264)
Taxpayers' Equity at April 1 2020 - as previously stated	78,629	106,682	4,459	(32,512)
Prior period adjustment	-	-	-	-
Taxpayers' Equity at April 1 2020	78,629	106,682	4,459	(32,512)
Surplus / (Deficit) for the year	(1,732)	-	-	(1,732)
Revaluation gains/ (losses) on property, plant and equipment	308	-	308	-
Public Dividend Capital Received	3,845	3,845	-	-
Taxpayers' Equity at March 31 2021	81,050	110,527	4,767	(34,244)

Birmingham and Solihull Mental Health NHS Foundation Trust
March 31 2022

Group statement of cash flows **For the year ended March 31 2022**	Note	March 31 2022 £000	March 31 2021 £000
Cash flows from operating activites			
Operating (deficit) / surplus for the year		6,504	5,885
Depreciation and amortisation	4	7,727	6,885
Impairments	4.1	3,838	34
Reversals of impairments	4.1	-	-
Loss / (gain) on disposal		89	-
(Increase) / decrease in trade and other receivables		(1,335)	8,040
(Increase) / decrease in inventories		(43)	37
Increase / (decrease) in trade and other payables		15,365	5,426
Increase / (decrease) in other liabilities		12,191	5,925
Increase / (decrease) in provisions		1,883	753
Corporation tax (paid) / received		(278)	(296)
Other movement in operating cash flows		-	-
Net cash generated from operating activities		45,941	32,689
Cash flows from investing activities			
Interest received	7	26	-
Purchase of intangible assets	9	(2,646)	(1,924)
Purchase of property, plant and equipment	10	(8,662)	(8,386)
Sales of property, plant and equipment		-	-
Net cash used in investing activities		(11,282)	(10,310)
Cash flows from financing activites			
Public dividend capital received		2,523	3,845
Public dividend capital repaid		-	-
Loans repaid to foundation trust financing facility		(2,183)	(2,183)
Capital element of private finance initiative obligations		(1,567)	(1,564)
Interest paid on loans from foundation trust financing facility		(1,271)	(1,362)
Interest element of private finance initiative obligations		(4,366)	(4,378)
PDC dividend paid		(1,799)	(1,889)
Net cash used in financing activities		(8,663)	(7,531)
Net increase/ (decrease) in cash and cash equivalents		25,996	14,848
Cash and cash equivalents at 1 April		28,803	13,955
Cash in hand (petty cash)	22	45	51
Cash at commercial banks	22	3,385	2,689
Cash at GBS	22	51,369	26,063
Cash and cash equivalents at 31 March		54,799	28,803

Birmingham and Solihull Mental Health NHS Foundation Trust
March 31 2022
Notes to the financial statements

1 **Accounting policies and other information**

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2021/22 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

Accounting convention

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

Going Concern

The accounts are prepared on a going concern basis, in other words with the expectation that the FT will continue to operate for at least the next 12 months. There are no material transactions that have a significant impact on this. The forward plans for BSMHFT focus on the elimination of the financial deficit. The current COVID-19 national emergency creates many new risks, but the Trust is not at any greater risk than all other NHS organisations.

Both the Trust & SSL have completed a Going Concern Assessment during financial year 2021/22. This assessment took the following points into consideration:

• The Covid-19 financial regime for NHS bodies means that the financial difficulties seen in previous years may not be as much of an issue in 2021/22. However, it is unlikely that contracts for 2022/23 will be signed before the 2021/22 accounts are signed and that uncertainty may impact on the going concern assessment for NHS bodies. When considering going concern both management and auditors need to look ahead 12 months from the date of signing the accounts which will cover a period for which no contracts are in place. Therefore, other evidence that services will be provided will need to be considered.

• Due to the HM Treasury reporting requirements, NHS bodies are highly unlikely to prepare their accounts on any basis other than going concern. However, material uncertainties around the financial position must be disclosed in the financial statements. It is management's responsibility to consider going concern and, in particular, any significant uncertainties.

• IAS 1 Presentation of financial statements requires the disclosure of those judgments which have the most significant effect on the amounts included in the accounts and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the accounts in the next financial year. The disclosure should therefore focus on material and significant judgments and estimates and should provide enough detail for the reader of the accounts to understand why they are critical and what impact they could have on the financial position of the reporting body.

• Auditors will want to test the underlying data and discuss any differences between their assessment and management's. They may use different assumptions or data when looking at management's judgements. The impact of the Comptroller and Auditor General's (C&AG) report on the DHSC's annual report and accounts 2019/20 may also mean that auditors are more concerned about management override of controls and the impact of judgements and estimates on financial performance18 and 19.

1 **Accounting policies and other information (continued)**

Going Concern (continued)

In addition to the detailed assessment presented to Trust FPP in March.

Notwithstanding any national announcements around operational planning guidance, and revised national narrative around Going Concern, it is the considered view of the finance department within the Trust that we believe that the financial position (including cash position) is robust enough for Directors to recommend using the going concern basis of accounting for the preparation of year end accounts.

Area of Uncertainty	Comment	Evidence
Cash	The 21/22 operating plan submission indicated a year ending cash balance as at 31/3/22 of £21.5m. Due to the covid financial arrangements and the introduction of the MH Provider Collaborative (Reachout) in October 21 we have a cash balance as at 16/3/22 of £81.6m with year end forecast of in excess of £53m. This provides a level of reassurance around cash that the Trust has not had in a number of years.	- Cash balance - Operating plan 21/22
Capital	The 21/22 operating plan and original Board approval identified a capital plan of £9.5m, of which £4.9m was to be funded through internal cash. The likely out-turn is a capital spend of £12.8m of which £5.8m will have been funded by cash. Despite uncertainty over future capital envelopes the Trust has managed to bring forward schemes from future years and taken opportunities to utilise under-spends from elsewhere in the system and will operate within the overall system envelope for 2022/23.	- Board reports - Capital Prioritisation Process - 2022/23 NHSE/I capital guidance
Financial Position	The initial draft annual plan submission was made to NHSE&I on the 17th March 22, with an expected breakeven position submitted. The current arrangements going into 22/23 planning continue to follow the COVID Financial regime ensuring block income and system tops for COVID funding reducing the level of financial risk for organisations.	- NHSE/I covid financial arrangements
Contracts	As highlighted above, covid financial arrangements are expected to continue into 22/23. It is unlikely that contracts will be signed before the start of the new financial year, but discussions with BSOL CCG have reconfirmed expectations around existing MHIS and the allocation of new community and crisis transformation funding.	- NHSE/I covid financial arrangements

1 **Accounting policies and other information (continued)**

1.1 Consolidation

Subsidiary entities are those over which the Foundation Trust has the power to exercise control or a dominant influence so as to gain economic or other benefits. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines.

Birmingham and Solihull Mental Health NHS Foundation Trust has one 100% owned subsidiary, Summerhill Services Ltd (formerly known as Summerhill Supplies Limited until September 28 2018), which commenced trading on December 1 2012. The amounts consolidated are drawn from the published accounts of the subsidiary for the year ending March 31 2022. The shares held are ordinary and aggregate capital and reserves amount to £21,366k as at March 31 2022 (£26,860k as at March 31 2021). Summerhill Services Limited made a loss of £588k in the year ended March 31 2022 (2020/21: £1,099k).

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with the subsidiary to the extent of the Group's interest in the entity. Where the subsidiary's accounting policies are not aligned with those of the Trust (including where they report under UK GAAP) then amounts are adjusted during consolidation where the differences are material. There are a number of differences that existed at the reporting date. In accordance with the Group Accounting Manual a separate statement of comprehensive income and a statement of cash flows for the parent (the Trust) has not been presented.

The divergence from the GAM that NHS Charitable Funds are not consolidated with NHS Trust's own returns is removed. Under the provisions of IAS 27 Consolidated and Separate Financial Statements, those Charitable Funds that fall under common control with NHS bodies are consolidated within the entity's financial statements. In accordance with IAS 1 Presentation of Financial Statements, restated prior period accounts are presented where the adoption of the new policy has a material impact. The Foundation Trust is the Corporate Trustee of Birmingham and Solihull Mental Health NHS Foundation Trust Charity-Caring Minds (Charity number 1098659) and therefore under IAS 27 Consolidated and seperate financial statements should consider whether to consolidate its financial statements if the charity is material to the Foundation Trust. The Foundation Trust has not consolidated its NHS charity on grounds of materiality which is a percentage of (Between 1% or 2%) of income, expenditure, assets or liabilities and so the Charitable Funds statements have not been consolidated into the Foundation Trust Accounts. This will be reviewed each financial year.

The primary statements and notes to the accounts are presented with separate ‘Group’ and ‘Trust’ columns. The foundation trust is able to take advantage of an exemption afforded by the Companies Act to omit the statement of comprehensive income for the foundation trust parent if it wishes. As a foundation trust we have taken advantage of this exemption. The Parent company surplus for the year can be found with the financial summary section of the annual report.

1 **Accounting policies and other information (continued)**

1.2 Income

Revenue from contracts with customers

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

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

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. In 2021/22 and 2020/21, the majority of the trust's income from NHS commissioners was in the form of block contract arrangements. The Trust receives block funding from its commissioners, where funding envelopes are set at a Integrated Care System level. For the first half of the 2020/21 comparative year these blocks were set for individual NHS providers directly, but the revenue recognition principles are the same. The related performance obligation is the delivery of healthcare and related services during the period, with the trust's entitlement to consideration not varying based on the levels of activity performed.

The Trust also receives additional income outside of the block payments to reimburse specific costs incurred and, in 2020/21, other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

In 2021/22, the Elective Recovery Fund enabled systems to earn income linked to the achievement of elective activity targets including funding any increased use of independent sector capacity. Income earned by the system is distributed between individual entities by local agreement. Income earned from the fund is accounted for as variable consideration.

Mental health provider collaboratives

NHS led provider collaboratives for specialised mental health, learning disability and autism services involve a lead NHS provider taking responsibility for managing services, care pathways and specialised commissioning budgets for a population. As lead provider for Reach Out, the Trust is accountable to NHS England and Improvement and as such recognises the income and expenditure associated with the commissioning of services from other providers in these accounts. Where the trust is the provider of commissioned services, this element of income is recognised in respect of the provision of services, after eliminating internal transactions.

Other Income

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

1 **Accounting policies and other information (continued)**

1.3 Expenditure on employee benefits

Short-term Employee Benefits

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the year 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 year is recognised in the accounts to the extent that employees are permitted to carry-forward leave into the following year.

1.4 Pension costs

NHS Pension Scheme

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

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

NEST Pension Scheme

National Employment Savings Trust is a defined contribution pension scheme that was created as part of the government’s workplace pensions reforms under the Pensions Act 2008 (as amended by Pensions Act 2014).

1 **Accounting policies and other information (continued)**

1.5 Expenditure on other goods and services

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

1.6 Property, plant and equipment

Recognition

Property, Plant and Equipment is capitalised where:

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

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

Measurement

Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. Property assets are measured subsequently at fair value. Assets under the course of construction are subsequently measured at fair value once the asset is brought into use. Other assets including plant, machinery, IT and equipment that are held for operational use are valued at depreciated historic cost where these assets have short useful economic lives or both, as this is not considered to be materially different from current value in exisitng use.

1 **Accounting policies and other information (continued)**

1.6 Property, plant and equipment (continued)

Fair Value is to be determined for Operational Assets under IAS 16. Fair Value has been clarified by HM Treasury as being reflected by "Market Value" with the explicit assumption that "property is sold as part of the continuing enterprise in occupation". The approach is reflected primarily on the basis of Depreciated Replacement Cost (DRC) for specialised operational property and Existing Use Value for non-specialised operational property.

DRC valuations from the District Valuer are prepared using the Modern Equivalent Asset method of valuation in accordance with the requirements of HM Treasury "Guidance on Asset Valuation" paper (interpreting the RICS UK GN on DRC formerly known as UKGN 2 and before that VIP 10).

Subsequent expenditure

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

Depreciation

Items of Property, Plant and Equipment are depreciated over their remaining useful economic lives on a straight line basis which is 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 and residual interests in off-statement of financial position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Foundation Trust, respectively.

Revaluation and impairment

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'.

Impairments

In accordance with the GAM, 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 (i) the impairment charged to operating expenses; and (ii) 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. Reversals are recognised in operating income to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

1 **Accounting policies and other information (continued)**

1.6 Property, plant and equipment (continued)

De-recognition

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

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.
  - 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. Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'Held for Sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Donated and grant funded assets

Donated assets are capitalised at their fair value on receipt. The donation is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation 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 funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

In 2021/22 this includes assets donated to the trust by the Department of Health and Social Care as part of the response to the coronavirus pandemic. As defined in the GAM, the trust applies the principle of donated asset accounting to assets that the trust controls and is obtaining economic benefits from at the year end.

1 **Accounting policies and other information (continued)**

1.6 Property, plant and equipment (continued)

Private finance initiative (PFI) transactions

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-statement of financial position' by the Trust. 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 and the charges for services. The finance cost is calculated using the effective 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 PFI payments which do not meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's Group Accounting Manual (GAM) are recorded as an operating expense. Where the Trust has contributed to land and buildings, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the Statement of Comprehensive Income. Where, at the end of the PFI contract, a property reverts to the Trust, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year, as a tangible fixed asset. The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:
a) Payment for the fair value of services received;
b) Payment for the PFI asset, including finance costs; and
c) Payment for the replacement of components of the asset during the contract "lifecycle replacement".

Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within "operating expenses".

PFI asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured at fair value in accordance with the principles of IAS 16.

PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.
An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the year, and is charged to "Finance Costs" within the Statement of Comprehensive Income.
The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

Lifecycle replacement

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

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

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

1 **Accounting policies and other information (continued)**

1.7 Intangible assets

Recognition
Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Foundation Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Foundation Trust and where the cost of the asset can be measured reliably. Where internally generated assets are held for service potential, this involves a direct contribution to the delivery of services to the public.

Internally generated intangible assets
Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets. Expenditure on research is not capitalised. Expenditure on development is capitalised only where all of the following can be demonstrated:
• the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
• the Foundation Trust intends to complete the asset and sell or use it;
• the Foundation Trust has the ability to sell or use the asset;
• how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
• adequate financial, technical and other resources are available to the Foundation Trust to complete the development and sell or use the asset; and
• the Foundation Trust can measure reliably the expenses attributable to the asset during development.

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

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

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

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

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

1 **Accounting policies and other information (continued)**

1.8 Government grants

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

1.9 Inventories

Inventories are valued at the lower of average cost and net realisable value. Average cost is calculated based on the average purchase price of the inventory held. Provisions are made for slow moving, defective and obsolete inventory if considered necessary by management.

In 2020/21 and 2021/22, the Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

1.10 Financial assets, financial instruments and financial liabilities

Recognition

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Foundation Trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services is made. Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below. Regular purchases or sales are recognised and de-recognised, as applicable, using the settlement date. All other financial assets and financial liabilities are recognised when the Foundation Trust becomes a party to the contractual provisions of the instrument.

De-recognition

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the Foundation Trust has transferred substantially all of the risks and rewards of ownership. Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Classification and measurement

Financial assets are categorised as 'Fair Value through Profit and Loss' or Loans and receivables. Financial liabilities are classified as 'Fair Value through Profit and Loss' or as 'Other Financial liabilities'.

1 **Accounting policies and other information (continued)**

1.10 Financial assets, financial instruments and financial liabilities (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets. The Foundation Trust's loans and receivables comprise: cash and cash equivalents, NHS receivables, accrued income and 'other receivables'. Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset. Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

Financial liabilities

All financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability. They are included in current liabilities except for amounts payable more than 12 months after the statement of financial position date, which are classified as long-term liabilities. Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance Costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

Impairment of financial assets

At the Statement of Financial Position date, the Foundation Trust assesses whether any financial assets, other than those held at 'fair value through income and expenditure' are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses. The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2). For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

1 **Accounting policies and other information (continued)**

1.11 Leases

Finance lease
Where substantially all risks and rewards of ownership of a leased asset are borne by the Foundation Trust, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability. The asset and liability are recognised at the 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 so as to achieve a constant rate of finance over the life of the lease. 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. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

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.

1.12 Provisions
The Foundation Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective from 31 March 2022:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	0.47%	Minus 0.02%
Medium-erm	After 5 years up to 10 years	0.70%	0.18%
Long-term	After 10 years up to 40 years	0.95%	1.99%
	Exceeding 40 years	0.66%	1.99%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective from 31 March 2022:

	Inflation rate	Prior year rate
Year 1	4.00%	1.20%
Year2	2.60%	1.60%
Into perpetuity	2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 1.30% in real terms (prior year: minus 0.95).

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

The Foundation Trust is currently investigating 3 potential injury allowance applications; due to the nature of the injuries these applications may result in a contingent liability.

Contingent asset
Contingent assets (assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in the notes to the financial statements where an inflow of economic benefits is probable.
The Trust suffered a fire at one of its leased community buildings (Yewcroft) in January 2016. Discussions are on-going with loss adjustors and the landlord and at this stage estimates of costs incurred are approximately £0.300m which we would expect to be reimbursed through our insurance policy.

Clinical negligence costs
NHS Resolution 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 total value of clinical negligence provisions carried by NHS Resolution on behalf of the NHS Foundation Trust is disclosed at note 19.1 but is not recognised in the NHS Foundation Trust accounts.

1 **Accounting policies and other information (continued)**

1.13 Non-clinical risk pooling

The NHS Foundation 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 (Formerly NHS Litigation Authority or NHSLA) 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 Public dividend capital

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

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

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined by the Department of Health and Social Care.

This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts.

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

1.15 Taxation

Value added tax (VAT)

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

Corporation tax

Healthcare activities of the NHS Foundation Trust are outside the scope of Corporation Tax. Summerhill Services Ltd is liable to corporation tax charges.

Current tax is recognised at the amount expected to be paid or recovered for the period based on tax rates and laws that have been enacted or substantively enacted at the statement of financial position date.

Deferred Tax

Deferred tax is provided in full, using the liability method, on taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not accounted for if it arises from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

1.16 Third party assets

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

1 **Accounting policies and other information (continued)**

1.17 Critical accounting judgements and key sources of estimation uncertainty
In the application of the Foundation Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The following balances are areas management have made critical judgements and estimates in the process of applying the Foundation Trust's accounting policies and that have the most significant effect on the amounts recognised in the accounts:

- Provisions
  Provisions have been recognised in these accounts for restructuring which relates to the cost of restructuring a service where an obligation exists at the year end; the most significant cost being redundancy and termination payments. Provisions are only recognised after a clear decision has been made to remove a post and the decision has been communicated to those affected. It is likely that these amounts will be settled during the year ended 31 March 2022.

- Property valuations
  The Trusts' land and buildings are valued by external independent valuers. The valuations incorporate professions assumptions to calculate the "Market Value" of the properties; the largest assumptions are made around the value of modern equivalent assets.

  The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

  Market activity is being impacted in many sectors.Our valuers have noted as at the valuation date, they consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

  Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, they recommend that we keep the valuations of these properties under frequent review.

- Property useful economic lives
  The Trusts' buildings and equipments are depreciated over their remaining useful economic lives as described in note 1.6. Management assesses the useful economic life of an asset when it is brought into use and periodically reviews for reasonableness. Lives are based on physical lives of similar class of asset as calculated by the District Valuer and updated by management to make a best estimate of the useful economic life.

1 **Accounting policies and other information (continued)**

1.17 Critical accounting judgements and key sources of estimation uncertainty (continued)

- Lease of Tamarind centre
  The Tamarind Centre (a medium secure mental health facility) is owned by Summerhill Services Limited and leased to the Trust. The accounting judgement is around the classification of the lease under IAS 17 as either an operating lease or a finance lease.

  Management has reviewed the classification indicators provided within IAS 17 and have assessed that the substance of the transaction is that of an operating lease. The lease term is for 5 years which is a minor part of the economic life of the asset, the lease does not transfer ownership and there is no option to purchase the asset at lower than fair value. The accounting policy for this is described in note 1.11.

  If the substance of the transaction was considered to be a finance lease the Tamarind Centre would be recognised as an asset in these accounts and a creditor would be included to Summerhill Services Limited to the value of the asset.

- Lease of Ardenleigh site
  The Ardenleigh Site (a medium secure mental health facility) is owned by Summerhill Services Limited and leased to the Trust. The accounting judgement is around the classification of the lease under IAS 17 as either an operating lease or a finance lease.

  Management has reviewed the classification indicators provided within IAS 17 and have assessed that the substance of the transaction is that of an operating lease. The lease term is for 5 years which is a minor part of the economic life of the asset, the lease does not transfer ownership and there is no option to purchase the asset at lower than fair value. The accounting policy for this is described in note 1.11.

  If the substance of the transaction was considered to be a finance lease the Ardenleigh Site would be recognised as an asset in these accounts and a creditor would be included to Summerhill Services Limited to the value of the asset.

- Lease of Juniper Centre
  The Juniper Centre (an Inpatient mental health facility) is owned by Summerhill Services Limited and leased to the Trust. The accounting judgement is around the classification of the lease under IAS 17 as either an operating lease or a finance lease.

  Management has reviewed the classification indicators provided within IAS 17 and have assessed that the substance of the transaction is that of an operating lease. The lease term is for 5 years which is a minor part of the economic life of the asset, the lease does not transfer ownership and there is no option to purchase the asset at lower than fair value. The accounting policy for this is described in note 1.11.

  If the substance of the transaction was considered to be a finance lease the Juniper Centre would be recognised as an asset in these accounts and a creditor would be included to Summerhill Services Limited to the value of the asset.

1 **Accounting policies and other information (continued)**

1.17 Critical accounting judgements and key sources of estimation uncertainty (continued)

- Lease of Reaside Clinic
  The Reaside Clinic (a medium secure mental health facility) is owned by Summerhill Services Limited and leased to the Trust. The accounting judgement is around the classification of the lease under IAS 17 as either an operating lease or a finance lease.

  Management has reviewed the classification indicators provided within IAS 17 and have assessed that the substance of the transaction is that of an operating lease. The lease term is for 5 years which is a minor part of the economic life of the asset, the lease does not transfer ownership and there is no option to purchase the asset at lower than fair value. The accounting policy for this is described in note 1.11.

  If the substance of the transaction was considered to be a finance lease the Reaside Clinic would be recognised as an asset in these accounts and a creditor would be included to Summerhill Services Limited to the value of the asset.

- Lease of John Black Centre (Maple Leaf Drive)
  The John Black Centre (Maple Leaf Drive) (an older persons mental health facility) is owned by Summerhill Services Limited and leased to the Trust. The accounting judgement is around the classification of the lease under IAS 17 as either an operating lease or a finance lease.

  Management has reviewed the classification indicators provided within IAS 17 and have assessed that the substance of the transaction is that of an operating lease. The lease term is for 5 years which is a minor part of the economic life of the asset, the lease does not transfer ownership and there is no option to purchase the asset at lower than fair value. The accounting policy for this is described in note 1.11.

  If the substance of the transaction was considered to be a finance lease the John Black Centre (Maple leaf Drive) would be recognised as an asset in these accounts and a creditor would be included to Summerhill Services Limited to the value of the asset.

- Lease and Leaseback (10 Properties)
  The Trust entered into a Lease and Leaseback arrangement with its subsidiary Summerhill Services Limited in 2019/20 financial year, this arrangement covered 10 properties.

  The lease from Trust to Summerhill Services Limited was reviewed with the classification indicators provided within IAS 17 and was assessed to fall within the substance of a finance lease. As such the assets have been de-recognised from these acounts with a resultant creditor being recognised to show obligation of receipt of lease payments from Summerhill Services Limited.

  The Leaseback of the assets from Summerhill Services Limited has been reviewed under the classification indicators provided within IAS 17 and has been assessed that the substance of the transaction is that of an operating lease. The lease term is for 5 years which is a minor part of the economic life of the asset. The accounting policy for this is described in note 1.11.

1 **Accounting policies and other information (continued)**

1.17 Critical accounting judgements and key sources of estimation uncertainty (continued)

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

1.18 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2021/22.

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

IFRS 16 Leases
IFRS 16 Leases will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable in the public sector for periods beginning 1 April 2022. 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 2022, 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. For 2022, this rate is 0.95%. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2022 for existing finance leases.

For leases commencing in 2022/23, 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.

The trust has estimated the impact of applying IFRS 16 in 2022/23 on the opening statement of financial position and the in-year impact on the statement of comprehensive income and capital additions as follows:

Estimated impact on 1 April 2022 statement of financial position	£000
Additional right of use assets recognised for existing operating leases	7,623
Additional lease obligations recognised for existing operating leases	(7,623)
Changes to other statement of financial position line items	
Net impact on net assets on 1 April 2022	-

Estimated in-year impact in 2022/23	£000
Additional depreciation on right of use assets	(1,042)
Additional finance costs on lease liabilities	(72)
Lease rentals no longer charged to operating expenditure	1,081
Other impact on income / expenditure	-
Estimated impact on surplus / deficit in 2022/23	(33)
Estimated increase in capital additions for new leases commencing in 2022/23	-

From 1 April 2022, the principles of IFRS 16 will also be applied to the Trust's PFI liabilities where future payments are linked to [a price index representing the rate of inflation]. The PFI imputed lease liability will be remeasured when a change in the index causes a change in future imputed lease payments and that change has taken effect in the cash flow. Under existing accounting practices, amounts relating to changes in the price index are expensed as incurred. This is expected to increase the PFI liability on the statement of financial position. The effect of this has not yet been quantified. Under current accounting guidance this would cause a corresponding charge to expenditure. HM Treasury and DHSC are considering whether this should instead be recognised on transition to IFRS 16 and guidance on this is awaited.

1.20 Other standards, amendments and interpretations

Amendments to the following standards are applicable in 2021/22:

•2022/23 and Beyond:
implementation of IFRS 17 Insurance contracts

1 **Accounting policies and other information (continued)**

1.21 Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or nature to enable full understanding of the Foundation Trusts financial performance including, but not limited to, material asset impairments and material costs of restructuring.

1.22 Cash and cash equivalents

Cash is defined as cash in hand and any deposits with any financial institution repayable on demand without penalty. Cash equivalents are investments that are short-term and are readily convertible to known amounts of cash with insignificant risk of change in value.

1.23 Losses and special payments

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

1.24 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board that makes strategic decisions.

2 **Operating Income (Group)**

	2021/22 £000	2020/21 £000
Income from patient care activities		
Block contract / system envelope income	231,367	256,708
Services delivered as part of a mental health collaborative	60,473	-
Income for commissioning services from other providers as a mental health collaborative lead provider	40,720	-
Clinical income for the secondary commissioning of mandatory services	7,021	5,424
Other clinical income	-	955
Additional pension contribution central funding *	8,326	7,946
Total income from patient care activities	347,907	271,033
Other operating income (Contract Income)		
Research and development	1,065	771
Education and training	13,113	11,795
Non-patient care services to other bodies	1,621	476
Other Income	1,649	430
Reimbursement and top up funding	-	14,647
Provider Sustainability fund (PSF) income	-	-
Other operating income (Non-Contract Income)		
Charitable and other contributions to expenditure	217	1,903
Total other operating income	17,665	30,022
Total operating income	365,572	301,055

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

2.1 **Income from patient care activities (by Source)**

	2021/22 £000	2020/21 £000
NHS England	133,041	93,765
Clinical commissioning groups	202,014	166,240
NHS Foundation Trusts	6,322	4,661
NHS Trusts	700	762
Local authorities	2,848	2,455
Non NHS: other	2,982	3,150
Total Income from patient care activities	**347,907**	**271,033**

2.2 **Income from activities arising from mandatory services**

	2021/22 £000	2020/21 £000
Income from activities arising from mandatory services	344,453	267,595
Income from activities arising from non-mandatory services	21,119	33,460
	365,572	301,055

2.3 **Commissioner requested services**

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

	2021/22 £000	2020/21 £000
Income from activities arising from commissioner requested services	347,907	271,033
Income from activities arising from non-commissioner requested services	-	-
	347,907	271,033

2.4 **Overseas visitors (relating to patients charged directly by the nhs foundation trust)**

	2021/22 £000	2020/21 £000
Income recognised this year	-	-
Cash payments received in year	-	-
Amounts added to provision for impairment of receivables	-	-
Amounts written off in year	-	-
Total overseas visitor income	-	-

3 Segmental analysis

The analysis by business segment is presented in accordance with IFRS 8 Operating segments, on the basis of those segments whose operating results are regularly reviewed by the Board (the Chief Operating Decision Maker as defined by IFRS 8) as follows:

Healthcare services

NHS Healthcare is the core activity of the Trust - the 'mandatory services requirement' as set out in the Trust's Terms of Authorisation issued by NHS Improvement and defined by legislation.

This activity is primarily the provision of NHS healthcare, either to patients and charged to the relevant NHS commissioning body, or where healthcare related services are provided to other organisations by contractual agreement.

Revenue from activities (medical treatment of patients) is analysed by type of activity in note 2 to the accounts.

Other operating income is analysed in note 2 to the accounts and materially consists of revenues from medical education and related support services to other organisations. Revenue is predominately from HM Government, Related party transactions are analysed in note 23.1 and 23.2 to the accounts, where individual customers within public sector are considered material.

The healthcare and related support services as described are all provided directly by the Trust, which is a public benefit corporation. These services have been aggregated into a single operating segment because they have similar economic characteristics: the nature of the services they offer are the same (the provision of healthcare), they have similar customers (public and private sector healthcare organisations) and have the same regulators (NHS Improvement and the Department of Health).

Commercial trading - Summerhill Services Limited

The company Summerhill Services Limited is a wholly owned subsidiary of the Trust and currently leases 15 properties to the Trust. As a trading company, subject to additional legal and regulatory regime (over and above that of the Trust), this activity is considered to be a separate business segment whose individual operating results are reviewed by the Trust Board (the Chief Operating Decision Maker).

A significant proportion of the company's revenue is inter segment trading with the Foundation Trust which is eliminated upon the consolidation of these group accounts. The monthly performance report to the Chief Operating Decision maker reports financial summary information in the format of the table overleaf.

Provider Collaboratives went live during the financial year 21/22. BSMHFT took full responsibility for commissioning budgets re Reach Out in October 2021.

Our involvement in Provider Collaboratives across the Midlands is based on what were formerly known as New Care Models (NCM) pilots. These pilots trialled new ways of working across mental health providers within local areas. The pilot sites provided specialised mental health services with the aim of reducing the number of people who were cared for out of area and creating the services their population needed through local re-investment. Due to their success, Provider collaboratives will be responsible for managing the budget and patient pathway for specialised mental health care for people who need it in their local area.

This will be disclosed in full in the segmental analysis for next financial year.

3 Segmental analysis (continued)

Year ended March 31 2022	Healthcare services £000	Commercial trading £000	Inter-group eliminations £000	Total £000
Total segment revenue	363,431	26,610	(24,558)	365,483
Total segment expenditure	(355,791)	(24,383)	25,033	(355,141)
Operating surplus / (deficit)	7,640	2,227	475	10,342
Net financing cost	(3,442)	(2,522)	390	(5,574)
PDC dividend payable	(1,921)	-	-	(1,921)
Taxation	-	(294)	-	(294)
Retained surplus / (deficit) before non-recurring items	2,277	(589)	865	2,553
Non-recurring items	(4,297)	-	459	(3,838)
Retained surplus / (deficit) after non-recurring items	(2,020)	(589)	1,324	(1,285)
Reportable segment assets	240,957	87,649	-	328,606
Eliminations	-	-	(63,819)	(63,819)
Total Assets	240,957	87,649	(63,819)	264,787
Reportable segment liabilities	(157,726)	(66,283)	-	(224,009)
Eliminations	-	-	64,603	64,603
Total liabilities	(157,726)	(66,283)	64,603	(159,406)
Net assets / (liabilities)	83,231	21,366	784	105,381

Year ended March 31 2021	Healthcare services £000	Commercial trading £000	Inter-group eliminations £000	Total £000
Total segment revenue	300,512	24,778	(24,235)	301,055
Total segment expenditure	(296,900)	(22,914)	24,677	(295,137)
Operating surplus / (deficit)	3,612	1,864	442	5,918
Net financing cost	(3,445)	(2,658)	400	(5,703)
PDC dividend payable	(1,637)	-	-	(1,637)
Taxation	-	(306)	-	(306)
Retained surplus / (deficit) before non-recurring items	(1,470)	(1,100)	842	(1,728)
Non-recurring items	(262)	-	229	(33)
Retained surplus / (deficit) after non-recurring items	(1,732)	(1,100)	1,071	(1,761)
Reportable segment assets	210,957	89,862	-	300,819
Eliminations	-	-	(75,178)	(75,178)
Total Assets	210,957	89,862	(75,178)	225,641
Reportable segment liabilities	(129,905)	(68,373)	-	(198,278)
Eliminations	-	-	67,497	67,497
Total liabilities	(129,905)	(68,373)	67,497	(130,781)
Net assets / (liabilities)	81,052	21,489	(7,681)	94,860

4	**Operating Costs**	2021/22 £000	2020/21 £000
	Services from NHS Foundation Trusts	5,902	3,953
	Services from NHS Trusts	50	1,031
	Services from CCGs and NHS England	-	-
	Services from other NHS bodies	-	233
	Services from other Non-NHS bodies	667	-
	Services from NHS Foundation Trusts - Mental Health Collaborative (Lead Provider)	11,470	-
	Services from NHS Trusts - Mental Health Collaborative (Lead Provider)	4,210	-
	Employee expenses - executive directors	960	1,068
	Employee expenses - non-executive directors	175	184
	Employee expenses - staff	232,527	219,759
	Drug costs	6,200	6,359
	Supplies and services - clinical (excluding drug costs)	1,084	2,554
	Supplies and services - general	2,401	3,249
	Establishment	3,312	2,650
	Transport	2,204	1,568
	Premises	26,592	28,900
	Impairments / (Reversal of impairments) of property, plant and equipment	3,838	34
	Increase / (decrease) in bad debt provision	230	35
	Termination benefits	-	2
	Depreciation on property, plant and equipment	5,896	5,409
	Amortisation on intangible assets	1,831	1,477
	Audit Services	83	98
	Other auditors' remuneration	-	-
	Clinical negligence	1,002	1,137
	Loss on disposal of other property, plant and equipment	89	-
	Internal audit costs	78	80
	Consultancy costs	2,052	1,308
	Other	46,215	14,082
	Total operating costs	359,068	295,170

4.1	**Exceptional Items**	2021/22 £000	2020/21 £000
	Impairments / (Reversal of impairments) of property, plant and equipment	-	-
	Termination Benefits	-	-
	Total exceptional items	-	-

No Items that would be considered exceptional occurred during the year 2021/22 (2020/21: Nil)

4.2	**Analysis of loss on disposal**	2021/22 £000	2020/21 £000
	Disposal of commissioner requested service assets	-	-
	Disposal of non-commissioner requested service assets	89	-
	Total loss on disposal	89	-

There were no Losses recorded on the disposal of assets in 2020/21.

4 **Operating costs (continued)**

4.3 **Auditors' remuneration**

The Council of Governors appointed Mazars LLP as external auditors of the Trust for the three years commencing 2019/20 following a competitive tender exercise. The audit fee for the year ended 31 March 2022 was £52.9k (2020/21: £52.1k) for the Trust's annual report and accounts, £0k (2020/21: £0k) for the Trust's quality accounts (due to the changes in the requirements re C-19) and £12.1k (2020/21: £12.1k) for Summerhill Services Limited, totalling £65.0k (£64.2k for the year ended 31 March 2021) excluding VAT. From April 2015, NHS foundation trust auditors are required to follow an audit code issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General. This was the fee for an audit in accordance with the Audit Code issued by NHS Improvement.

4.4 **Other audit remuneration**

	2021/22 £000	2020/21 £000
Other auditor remuneration paid to the external auditors :		
1. Audit of accounts of any associate of the trust	-	-
2. Audit-related assurance services	-	-
3. Taxation compliance services	-	-
4. All taxation advisory services not falling within item 3 above	-	-
5. Internal audit services	-	-
6. all assurance services not falling within items 1 to 5	-	-
7. Corporate finance transaction services not falling within items 1 to 6 above	-	-
8. Other non-audit services not falling within items 2 to 7 above	-	-
Total audit remuneration	-	-

4.5 **Arrangements containing an operating lease**

	2021/22 £000	2020/21 £000
Minimum lease payments	1,993	1,733

There are no future lease payments due under sub-lease arrangements

The Foundation Trust entered into a number of operating lease arrangements for the use of land and buildings, vehicles and equipment. The leases for land and building range from 5 to 99 year terms and have an annual charge of £1,524k (2020/21: £1,342k) which is included within operating costs. The leases for vehicles and equipment range from 1 to 5 years and have an annual charge of £469k (2020/21: £391k) which is included within operating costs.

The Foundation Trusts most significant lease arrangement is for the lease of the Foundation Trust Headquarters. This is a 25 year lease expiring in 2030 and has an annual rental charge of £539k (2020/21: £570k). The lease agreement does not contain provision for contingent rentals and does not impose any restrictions on the Trust. The lease has options for early termination, with penalty, in years 15 and 20 of the lease.

The Tamarind Centre, the Ardenleigh site, the Juniper Centre, Reaside Clinic and the John Black Centre (Maple Leaf Drive) which are owned by Summerhill Services Limited, a wholly owned subsidiary of the Foundation Trust, are being leased to the Foundation Trust. The lease term is for 5 years.

4.6 **Total future minimum lease payments**

	2021/22 £000	2020/21 £000
Not later than one year	1,361	1,661
Later than one year and not later than five years	3,681	4,020
later than five years	3,205	4,378
Total future minimum lease payments	8,247	10,059

5 **Directors remuneration**

	2021/22 £000	2020/21 £000
Short-term benefits :		
Salary	793	876
Taxable benefits	111	121
Performance related bonuses	-	-
employer's pension contributions	56	71
Post-employment benefits :	-	-
Other long-term benefits :	-	-
Termination benefits :	-	-
Share-based payment :	-	-
Total directors remuneration	960	1,068

The medical director was paid £64k during the year ended March 31 2022 (£59k during year ended March 31 2021), which is not included in the above disclosure, for non-director responsibilities.

Further details of directors' remuneration can be found in the remuneration report.

6

Employee expenses (including executive directors but excluding non-executive directors)	2021/22 £000	2020/21 £000
Salaries and wages	180,045	171,039
Social security costs	18,262	16,962
Employers contribution to NHS pensions	19,618	18,751
Employers contribution to NHS pensions paid by NHSE on Provider's Behalf (6.3%)	8,326	7,946
Apprenticeship Levy	850	796
Termination benefits (see note 4 and 4.1)	4	2
Agency / contract staff	6,382	5,333
	233,487	220,829
Less: capitalised staff cost	-	-
Total recognised in operating expenses	233,487	220,829

6.1 **Average number of employees (WTE basis)**

	2021/22 Number	2020/21 Number
Medical	233	232
Administration and estates	788	758
Healthcare assistants and other support staff	805	851
Nursing and health visiting staff	1,223	1,214
Scientific, therapeutic and technical staff	733	675
Other	58	63
Total Average	3,840	3,793

6 **Employee expenses (continued)**

6.2 **Early retirements due to ill health**

This note discloses the number and additional pension costs for individuals who retired early on ill-health grounds during the year. The information has been supplied by NHS Pensions and these costs are not borne by the Foundation Trust.

	2021/22 £000	2021/22 Number	2020/21 £000	2020/21 Number
No. of early retirements on the grounds of ill health		3		5
Value of early retirements on the grounds of ill health	209		327	

6.3 **Staff exit packages**

Exit package cost band	No. of compulsory redundancies 2021/22	No. of other agreed departures 2021/22	Total no. of exit packages by cost band 2021/22	Total no. of exit packages by cost band 2020/21
< £10,000	1	-	1	1
£10,000 - £25,000	-	-	-	5
£25,001 - £50,000	-	-	-	3
£50,001 - £100,000	-	-	-	
£100,001 - £150,000	-	-	-	-
£150,001 - £200,000	-	-	-	-
Total number of exit packages by type	1	-	1	9
Total resource cost £000			4	191

There were no exit packages paid to senior managers during this financial year (2020/21: nil).

7 **Finance Income**

	2021/22 £000	2020/21 £000
Interest on deposits / investments	26	-

8 **Finance costs**

	2021/22 £000	2020/21 £000
Loans from the foundation trust financing facility	1,234	1,325
Finance costs in PFI obligations :		
Main finance costs	2,397	2,470
Contingent finance costs	1,969	1,908
Total finance costs	5,600	5,703

9 Intangible assets

9.1

Group and Trust Intangible assets for year ended March 31 2022	Total	Software licences (purchased)	Licences and trademarks (purchased)	IT (Internally generated and 3rd Party)	Development expenditure (internally generated)
	£000	£000	£000	£000	£000
Gross cost at April 1 2021 - as previously stated	13,144	10,227	-	1,109	1,808
Prior period adjustment	-	-	-	-	-
Cost or valuation at April 1 2021	13,144	10,227	-	1,109	1,808
Additions - purchased	2,646	2,646	-	-	-
Disposals	-	-	-	-	-
Cost or valuation at March 31 2022	15,790	12,873	-	1,109	1,808
Amortisation at April 1 2021 - as previously stated	7,277	5,780	-	497	1,000
Prior period adjustment	-	-	-	-	-
Amortisation at April 1 2021	7,277	5,780	-	497	1,000
Provided during the year	1,831	1,318	-	223	290
Reclassifications	-	-	-	-	-
Disposals	-	-	-	-	-
Amortisation at March 31 2022	9,108	7,098	-	720	1,290
NBV - Purchased at April 1 2021	5,867	4,447	-	612	808
NBV - Donated at April 1 2021	-	-	-	-	-
Total NBV at April 1 2021	5,867	4,447	-	612	808
NBV - Purchased at March 31 2022	6,682	5,775	-	389	518
NBV - Donated at March 31 2022	-	-	-	-	-
Total NBV at March 31 2022	6,682	5,775	-	389	518

9.2

Group and Trust Intangible assets for year ended March 31 2021	Total	Software licences (purchased)	Licences and trademarks (purchased)	IT (Internally generated and 3rd Party)	Development expenditure (internally generated)
	£000	£000	£000	£000	£000
Gross cost at April 1 2020 - as previously stated	11,220	8,360	-	1,052	1,808
Prior period adjustment	-	-	-	-	-
Cost or valuation at April 1 2020	11,220	8,360	-	1,052	1,808
Additions - purchased	1,924	1,867	-	57	-
Disposals	-	-	-	-	-
Cost or valuation at March 31 2021	13,144	10,227	-	1,109	1,808
Amortisation at April 1 2020 - as previously stated	5,800	4,813	-	277	710
Prior period adjustment	-	-	-	-	-
Amortisation at April 1 2020	5,800	4,813	-	277	710
Provided during the year	1,477	967	-	220	290
Reclassifications	-	-	-	-	-
Disposals	-	-	-	-	-
Amortisation at March 31 2021	7,277	5,780	-	497	1,000
NBV - Purchased at April 1 2020	5,420	3,547	-	775	1,098
NBV - Donated at April 1 2020	-	-	-	-	-
Total NBV at April 1 2020	5,420	3,547	-	775	1,098
NBV - Purchased at March 31 2021	5,867	4,447	-	612	808
NBV - Donated at March 31 2021	-	-	-	-	-
Total NBV at March 31 2021	5,867	4,447	-	612	808

10 **Property plant and equipment**

10.1

Group property, plant and equipment for year ended March 31 2022	Total	Land	Buildings excl dwellings	Dwellings	Assets under construction	Plant and machinery	Transport equipment	Information technology	Furniture and fittings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at April 1 2021 - as previously stated	199,932	19,322	151,836	-	2,942	2,665	11	10,192	12,964
Prior period adjustment	-	-	-	-	-	-	-	-	-
Cost or valuation at April 1 2021	199,932	19,322	151,836	-	2,942	2,665	11	10,192	12,964
Additions - purchased	10,274	-	1,379	-	8,895	-	-	-	-
Additions - donated	-	-	-	-	-	-	-	-	-
Acquisition through business combination	-	-	-	-	-	-	-	-	-
Impairments charged to operating expenses	(4,601)	-	(3,318)	-	(1,283)	-	-	-	-
Impairments charged to the revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments credited to operating expenses	763	763	-	-	-	-	-	-	-
Reversal of impairments credited to the revaluation reserve	9,283	677	8,606	-	-	-	-	-	-
Reclassifications	-	-	9,141	-	(10,554)	203	-	1,210	-
Revaluation surplus	-	-	-	-	-	-	-	-	-
Transfers to non-current assets classified as held for sale (note 10.7)	-	-	-	-	-	-	-	-	-
Transfers from accumulated depreciation*	(3,272)	-	(3,272)	-	-	-	-	-	-
Disposals	(269)	-	(269)	-	-	-	-	-	-
Cost or valuation at March 31 2022	212,110	20,762	164,103	-	-	2,868	11	11,402	12,964
Accumulated depreciation at April 1 2021 - as previously stated	19,310	-	650	-	-	2,570	11	4,458	11,621
Prior period adjustment	-	-	-	-	-	-	-	-	-
Accumulated depreciation at April 1 2021	19,310	-	650	-	-	2,570	11	4,458	11,621
Provided during the year	5,896	-	3,379	-	-	56	-	1,392	1,069
Acquisition through business combination	-	-	-	-	-	-	-	-	-
Impairments charged to operating expenses	-	-	-	-	-	-	-	-	-
Reversal of impairments credited to operating expenses	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluation surpluses	-	-	-	-	-	-	-	-	-
Transferred to cost or valuation*	(3,272)	-	(3,272)	-	-	-	-	-	-
Disposals	(180)	-	(180)	-	-	-	-	-	-
Accumulated depreciation at March 31 2022	21,754	-	577	-	-	2,626	11	5,850	12,690
NBV - Purchased at April 1 2021	180,622	19,322	151,186	-	2,942	95	-	5,734	1,343
NBV - Donated at April 1 2021	-	-	-	-	-	-	-	-	-
Total NBV at April 1 2021	180,622	19,322	151,186	-	2,942	95	-	5,734	1,343
NBV - Purchased at March 31 2022	190,356	20,762	163,526	-	-	242	-	5,552	274
NBV - Donated at March 31 2022	-	-	-	-	-	-	-	-	-
Total NBV at March 31 2022	190,356	20,762	163,526	-	-	242	-	5,552	274

*These lines represent the elimination of accumulated depreciation against the carrying value of assets which have been revalued in the year in accordance with IAS 16 - Property, Plant and Equipment.

The net book value of assets held under finance lease arrangements is £42,899k at March 31 2022 (£40,461k at March 31 2021). Depreciation of £1,118k was charged on these assets in the year (£1,100k during the year ended March 31 2021). These assets wholly relate to PFI assets.

10 **Property plant and equipment (continued)**

10.2

Trust property, plant and equipment for year ended March 31 2022	Total	Land	Buildings excl dwellings	Dwellings	Assets under construction	Plant and machinery	Transport equipment	Information technology	Furniture and fittings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at April 1 2021 - as previously stated	87,486	9,780	59,930	-	2,944	1,763	-	10,192	2,877
Prior period adjustment	-	-	-	-	-	-	-	-	-
Cost or valuation at April 1 2021	87,486	9,780	59,930	-	2,944	1,763	-	10,192	2,877
Additions - purchased	8,123	-	1,379	-	6,744	-	-	-	-
Additions - donated	-	-	-	-	-	-	-	-	-
Acquisition through business combination	-	-	-	-	-	-	-	-	-
Impairments charged to operating expenses	(6,280)	-	(4,997)	-	(1,283)	-	-	-	-
Impairments charged to the revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments credited to the revaluation reserve	1,677	15	1,662	-	-	-	-	-	-
Reversal of impairments credited to operating expenses	1,982	705	1,277	-	-	-	-	-	-
Reclassifications	-	-	6,992	-	(8,405)	203	-	1,210	-
Revaluation surplus	-	-	-	-	-	-	-	-	-
Transfers to non-current assets classified as held for sale (note 10.7)	-	-	-	-	-	-	-	-	-
Transfers from accumulated depreciation*	(1,713)	-	(1,713)	-	-	-	-	-	-
Disposals	(269)	-	(269)	-	-	-	-	-	-
Cost or valuation at March 31 2022	91,006	10,500	64,261	-	-	1,966	-	11,402	2,877
Accumulated depreciation at April 1 2021 - as previously stated	9,547	-	651	-	-	1,719	-	4,458	2,719
Prior period adjustment	-	-	-	-	-	-	-	-	-
Accumulated depreciation at April 1 2021	9,547	-	651	-	-	1,719	-	4,458	2,719
Provided during the year	3,299	-	1,819	-	-	21	-	1,392	67
Acquisition through business combination	-	-	-	-	-	-	-	-	-
Impairments charged to operating expenses	-	-	-	-	-	-	-	-	-
Reversal of impairments credited to operating expenses	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluation surpluses	-	-	-	-	-	-	-	-	-
Transferred to cost or valuation*	(1,713)	-	(1,713)	-	-	-	-	-	-
Disposals	(180)	-	(180)	-	-	-	-	-	-
Accumulated depreciation at March 31 2022	10,953	-	577	-	-	1,740	-	5,850	2,786
NBV - Purchased at April 1 2021	77,939	9,780	59,279	-	2,944	44	-	5,734	158
NBV - Donated at April 1 2021	-	-	-	-	-	-	-	-	-
Total NBV at April 1 2021	77,939	9,780	59,279	-	2,944	44	-	5,734	158
NBV - Purchased at March 31 2022	80,053	10,500	63,684	-	-	226	-	5,552	91
NBV - Donated at March 31 2022	-	-	-	-	-	-	-	-	-
Total NBV at March 31 2022	80,053	10,500	63,684	-	-	226	-	5,552	91

*These lines represent the elimination of accumulated depreciation against the carrying value of assets which have been revalued in the year in accordance with IAS 16 - Property, Plant and Equipment.

The net book value of assets held under finance lease arrangements is £42,899k at March 31 2022 (£40,461k at March 31 2021). Depreciation of £1,118k was charged on these assets in the year (£1,100k during the year ended March 31 2021). These assets wholly relate to PFI assets.

10 **Property plant and equipment (continued)**

10.3 **Group property, plant and equipment for year ended March 31 2021**

	Total	Land	Buildings excl dwellings	Dwellings	Assets under construction	Plant and machinery	Transport equipment	Information technology	Furniture and fittings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at April 1 2020 - as previously stated	192,421	19,322	148,369	-	2,072	2,659	11	7,069	12,919
Prior period adjustment	-	-	-	-	-	-	-	-	-
Cost or valuation at April 1 2020	192,421	19,322	148,369	-	2,072	2,659	11	7,069	12,919
Additions - purchased	8,091	-	1,314	-	6,777	-	-	-	-
Additions - donated	-	-	-	-	-	-	-	-	-
Acquisition through business combination	-	-	-	-	-	-	-	-	-
Impairments charged to operating expenses	(34)	-	(34)	-	-	-	-	-	-
Impairments charged to the revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments credited to operating expenses	-	-	-	-	-	-	-	-	-
Reversal of impairments credited to the revaluation reserve	2,834	-	2,834	-	-	-	-	-	-
Reclassifications	-	-	2,406	-	(5,907)	6	-	3,450	45
Revaluation surplus	-	-	-	-	-	-	-	-	-
Transfers to non-current assets classified as held for sale (note 10.7)	-	-	-	-	-	-	-	-	-
Transfers from accumulated depreciation*	(3,053)	-	(3,053)	-	-	-	-	-	-
Disposals	(327)	-	-	-	-	-	-	(327)	-
Cost or valuation at March 31 2021	199,932	19,322	151,836	-	2,942	2,665	11	10,192	12,964
Accumulated depreciation at April 1 2020 - as previously stated	17,282	-	545	-	-	2,514	11	3,904	10,308
Prior period adjustment	-	-	-	-	-	-	-	-	-
Accumulated depreciation at April 1 2020	17,282	-	545	-	-	2,514	11	3,904	10,308
Provided during the year	5,408	-	3,158	-	-	56	-	881	1,313
Acquisition through business combination	-	-	-	-	-	-	-	-	-
Impairments charged to operating expenses	951	-	951	-	-	-	-	-	-
Reversal of impairments credited to operating expenses	(951)	-	(951)	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluation surpluses	-	-	-	-	-	-	-	-	-
Transferred to cost or valuation*	(3,053)	-	(3,053)	-	-	-	-	-	-
Disposals	(327)	-	-	-	-	-	-	(327)	-
Accumulated depreciation at March 31 2021	19,310	-	650	-	-	2,570	11	4,458	11,621
NBV - Purchased at April 1 2020	175,139	19,322	147,824	-	2,072	145	-	3,165	2,611
NBV - Donated at April 1 2020	-	-	-	-	-	-	-	-	-
Total NBV at April 1 2020	175,139	19,322	147,824	-	2,072	145	-	3,165	2,611
NBV - Purchased at March 31 2021	180,622	19,322	151,186	-	2,942	95	-	5,734	1,343
NBV - Donated at March 31 2021	-	-	-	-	-	-	-	-	-
Total NBV at March 31 2021	180,622	19,322	151,186	-	2,942	95	-	5,734	1,343

*These lines represent the elimination of accumulated depreciation against the carrying value of assets which have been revalued in the year in accordance with IAS 16 - Property, Plant and Equipment.

The net book value of assets held under finance lease arrangements is £40,461k at March 31 2021 (£39,921k at March 31 2020). Depreciation of £1,100k was charged on these assets in the year (£1,108k during the year ended March 31 2020). These assets wholly relate to PFI assets.

10 **Property plant and equipment (continued)**

10.4 **Trust property, plant and equipment for year ended March 31 2021**

	Total	Land	Buildings excl dwellings	Dwellings	Assets under construction	Plant and machinery	Transport equipment	Information technology	Furniture and fittings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at April 1 2020 - as previously stated	82,161	9,780	59,090	-	1,582	1,763	-	7,069	2,877
Prior period adjustment	-	-	-	-	-	-	-	-	-
Cost or valuation at April 1 2020	82,161	9,780	59,090	-	1,582	1,763	-	7,069	2,877
Additions - purchased	7,311	-	1,314	-	5,997	-	-	-	-
Additions - donated	-	-	-	-	-	-	-	-	-
Acquisition through business combination	-	-	-	-	-	-	-	-	-
Impairments charged to operating expenses	(262)	-	(262)	-	-	-	-	-	-
Impairments charged to the revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments credited to the revaluation reserve	309	-	309	-	-	-	-	-	-
Reversal of impairments credited to operating expenses	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	1,185	-	(4,635)	-	-	3,450	-
Revaluation surplus	-	-	-	-	-	-	-	-	-
Transfer to Finance Lease Receivable	-								
Transfers to non-current assets classified as held for sale (note 10.7)	-	-	-	-	-	-	-	-	-
Transfers from accumulated depreciation*	(1,706)	-	(1,706)	-	-	-	-	-	-
Disposals	(327)	-	-	-	-	-	-	(327)	-
Cost or valuation at March 31 2021	87,486	9,780	59,930	-	2,944	1,763	-	10,192	2,877
Accumulated depreciation at April 1 2020 - as previously stated	8,799	-	545	-	-	1,698	-	3,904	2,652
Prior period adjustment	-	-	-	-	-	-	-	-	-
Accumulated depreciation at April 1 2020	8,799	-	545	-	-	1,698	-	3,904	2,652
Provided during the year	2,781	-	1,812	-	-	21	-	881	67
Acquisition through business combination	-	-	-	-	-	-	-	-	-
Impairments charged to operating expenses	317	-	317	-	-	-	-	-	-
Reversal of impairments credited to operating expenses	(317)	-	(317)	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluation surpluses	-	-	-	-	-	-	-	-	-
Transferred to cost or valuation*	(1,706)	-	(1,706)	-	-	-	-	-	-
Disposals	(327)	-	-	-	-	-	-	(327)	-
Accumulated depreciation at March 31 2021	9,547	-	651	-	-	1,719	-	4,458	2,719
NBV - Purchased at April 1 2020	73,362	9,780	58,545	-	1,582	65	-	3,165	225
NBV - Donated at April 1 2020	-	-	-	-	-	-	-	-	-
Total NBV at April 1 2020	73,362	9,780	58,545	-	1,582	65	-	3,165	225
NBV - Purchased at March 31 2021	77,939	9,780	59,279	-	2,944	44	-	5,734	158
NBV - Donated at March 31 2021	-	-	-	-	-	-	-	-	-
Total NBV at March 31 2021	77,939	9,780	59,279	-	2,944	44	-	5,734	158

*These lines represent the elimination of accumulated depreciation against the carrying value of assets which have been revalued in the year in accordance with IAS 16 - Property, Plant and Equipment.

The net book value of assets held under finance lease arrangements is £40,461k at March 31 2021 (£39,921k at March 31 2020). Depreciation of £1,100k was charged on these assets in the year (£1,108k during the year ended March 31 2020). These assets wholly relate to PFI assets.

10 **Property plant and equipment (continued)**

10.5 **Economic life of property, plant and equipment**

	Min Life Years	Max Life Years
Land	-	-
Buildings excluding dwellings	1	48
Assets under construction	-	-
Plant and machinery	1	5
Transport equipment	-	-
Information technology	2	5
Furniture and fittings	1	4
Intangible Assets	1	5

The numbers stated above relate to remaining useful economic life of group assets.

10.6 **Valuations**

Valuations are carried out by professionally qualified, independent valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. Fair values were determined based on estimates. The impairment gains and loss recognised in the accounts arose due to movement in market prices.

11 **Inventories**

	Group		Trust	
	March 31 2022	March 31 2021	March 31 2022	March 31 2021
	£000	£000	£000	£000
Drugs	392	349	232	185
Consumables	31	31	31	31
Total Inventories	423	380	263	216

11.1 **Inventories recognised in expenses**

	March 31 2022	March 31 2021
	£000	£000
Inventories recognised in expenses	6,200	6,355
Write-down of inventories recognised as an expense	-	4
Reversals of any write down of inventories	-	-
Total inventories recognised in expenses	6,200	6,359

12 **Subsidiary investment**

	Group		Trust	
	March 31 2022	March 31 2021	March 31 2022	March 31 2021
	£000	£000	£000	£000
Shares in group undertakings	-	-	27,325	26,860
Total Subsidiary investment	-	-	27,325	26,860

The Trust's principal subsidiary undertaking as included in the consolidation as at the reporting date is set out below. The reporting date of the accounts for the subsidiary is the same as for these group accounts - March 31 2022.

Summerhill Services Limited

The company is registered in the UK, company number 08015667. The company commenced trading on December 1 2012 and is a wholly owned subsidiary of Birmingham and Solihull Mental Health NHS Foundation Trust with share capital of £27,324,809 (2020/21: £26,859,600). The current purpose of the company is to own, and provide a managed lease service for Tamarind Centre, Ardenleigh Site, Juniper Centre, Reaside Clinic and the John Black Centre (Maple Leaf Drive) to the Trust. To provide a managed lease service for a further 10 proerties on a lease and leaseback arrangement and also provide a outpatient dispensing service to the Trust which commenced in September 2013. The company decided to change its name from Summerhill Supplies Limited to Summerhill Services Limited on 28th September 2018.

13	**Trade and other receivables - Group**	Total March 31 2022 £000	Financial assets March 31 2022 £000	Non-financial assets March 31 2022 £000	Total March 31 2021 £000	Financial assets March 31 2021 £000	Non-financial assets March 31 2021 £000
	Current						
	Contract Receivable	5,448	5,448	-	4,947	4,947	-
	Provision for Impaired Contract Receivables	(249)	(249)	-	(246)	(246)	-
	Prepayments	2,866	-	2,866	1,748	-	1,748
	PDC receivable	435	-	435	557	-	557
	VAT Receivable	1,756	-	1,756	1,629	-	1,629
	Other receivables	652	652	-	1,099	1,099	-
	Total current trade and other receivables	10,908	5,851	5,057	9,734	5,800	3,934
	Non-current						
	Prepayments - Lifecycle replacement	1,280	-	1,280	1,361	-	1,361
	Clinician pension tax provision	236	236	-	197	197	-
	Total non-current trade and other receivables	1,516	236	1,280	1,558	197	1,361

13.1	**Trade and other receivables - Trust**	Total March 31 2022 £000	Financial assets March 31 2022 £000	Non-financial assets March 31 2022 £000	Total March 31 2021 £000	Financial assets March 31 2021 £000	Non-financial assets March 31 2021 £000
	Current						
	Contract Receivable	5,288	5,288	-	5,900	5,900	-
	Provision for Impaired Contract Receivables	(249)	(249)	-	(246)	(246)	-
	Prepayments	2,826	-	2,826	1,733	-	1,733
	PDC receivable	435	-	435	557	-	557
	VAT Receivable	1,756	-	1,756	1,629	-	1,629
	Other receivables	652	652	-	813	813	-
	Finance Lease Receivable	298	298	-	288	288	-
	Loan assets*	2,312	2,312	-	2,182	2,182	-
	Total current trade and other receivables	13,318	8,301	5,017	12,856	8,937	3,919
	Non-current						
	Prepayments - Lifecycle replacement	1,280	-	1,280	1,361	-	1,361
	Clinician pension tax provision	236	236	-	197	197	-
	Finance Lease Receivable	11,402	11,402		11,700	11,700	
	Loan assets*	48,983	48,983	-	50,180	50,180	
	Total non-current trade and other receivables	61,901	60,621	1,280	63,438	62,077	1,361

*Loan assets are comprised solely of loans made to the 100% owned subsidiary Summerhill Services Limited. The term of these loans is 25 years.

13 **Trade and other receivables (continued)**

13.2 **Provision for impairment of receivables 2021/22 - group and trust**

	2021/22 £000 Contract Receivables and Contract Assets	2021/22 £000 All Other Receivables
Provision as at April 1 2021 - Bought Forward	246	-
New Provision amounts arising	230	-
Utilisation of Provision (where receivable is written off)	(226)	-
Provision as at March 31 2022	250	-

13.2 **Provision for impairment of receivables 2020/21 - group and trust**

	2020/21 £000 Contract Receivables and Contract Assets	2020/21 £000 All Other Receivables
Provision as at April 1 2020 - Bought Forward	339	-
New Provision amounts arising	35	-
Utilisation of Provision (where receivable is written off)	(128)	-
Provision as at March 31 2021	246	-

13.3 **Analysis of impaired receivables - group and trust**

	March 31 2022 £000	March 31 2021 £000
Ageing of impaired receivables:		
0-30 Days	155	-
31-60 Days	10	-
61-90 Days	4	-
Over 90 Days	80	246
Total impaired receivables	249	246

13.4 **Ageing of non-impaired receivables - group and trust**

	March 31 2022 £000	March 31 2021 £000
Ageing of non-Impaired Receivables		
0-30 Days	847	2,828
31-60 Days	30	333
61-90 Days	31	-
Over 90 Days	71	87
Total non-impaired receivables	979	3,248

14	**Trade and other payables - Group**	Total March 31 2022 £000	Financial liabilities March 31 2022 £000	Non-financial liabilities March 31 2022 £000	Total March 31 2021 £000	Financial liabilities March 31 2021 £000	Non-financial liabilities March 31 2021 £000
	Current						
	Trade payables	16,311	16,311	-	10,347	10,347	-
	Trade payables - capital	2,543	2,543	-	1,012	1,012	-
	Social security and taxes payable	4,978	-	4,978	4,539	-	4,539
	Other payables	3,117	3,117	-	3,393	3,393	-
	Accruals	22,263	22,263	-	12,965	12,965	-
	Total current trade and other payables	49,212	44,234	4,978	32,256	27,717	4,539

Trade Payables above includes £4,583k relating to business with NHS and Other WGA Bodies at March 31 2022 (£1,653k at March 31 2021). The remaining £11,728k relates to business with bodies external to government at March 31 2022 (£8,695k at March 31 2021).

Other payables above includes £1,641k at March 31 2022 in respect of outstanding Employer Pension Contributions (£1,587k at March 2021).

14.1	**Trade and other payables - Trust**	Total March 31 2022 £000	Financial liabilities March 31 2022 £000	Non-financial liabilities March 31 2022 £000	Total March 31 2021 £000	Financial liabilities March 31 2021 £000	Non-financial liabilities March 31 2021 £000
	Current						
	Trade payables	14,075	14,075	-	9,416	9,416	-
	Trade payables - capital	2,407	2,407	-	781	781	-
	Social security and taxes payable	4,807	-	4,807	4,402	-	4,402
	Other payables	3,090	3,090	-	3,239	3,239	-
	Accruals	23,233	23,233	-	14,005	14,005	-
	Total current trade and other payables	47,612	42,805	4,807	31,843	27,441	4,402

Trade Payables above includes £4,583k relating to business with NHS and Other WGA Bodies at March 31 2022 (£1,653k at March 31 2021). The remaining £9,492k relates to business with bodies external to government at March 31 2022 (£7,763k at March 31 2021).

Other payables above includes £1,598k at March 31 2022 in respect of outstanding Employer Pension Contributions (£1,539k at March 2021).

15	**Other Liabilities - Group**	March 31 2022 £000	March 31 2021 £000
	Current		
	Deferred Income	25,370	13,179
	Total current other Liabilities	25,370	13,179
	Non-current		
	Deferred Tax Liability	-	-
	Total non-current other Liabilities	-	-

15.1	**Other Liabilities - Trust**	March 31 2022 £000	March 31 2021 £000
	Current		
	Deferred Income	25,291	13,179
	Deferred gain on disposal	-	491
	Total current other Liabilities	25,291	13,670
	Non-current		
	Deferred gain on disposal	-	-
	Total non-current other Liabilities	-	-

16 **Borrowings - Group and Trust**

	March 31 2022 £000	March 31 2021 £000
Current		
Loans from foundation trust financing facility	2,669	2,705
Obligations under private finance initiative contracts	1,734	1,567
Total current borrowings	4,403	4,272
Non-current		
Loans from foundation trust financing facility	27,324	29,507
Obligations under private finance initiative contracts	47,580	49,315
Total Non-current borrowings	74,904	78,822

16.1 **Borrowings - Trust**

	March 31 2022 £000	March 31 2021 £000
Current		
Loans from foundation trust financing facility	2,669	2,705
Obligations under private finance initiative contracts	1,734	1,567
Loans from Subsidiary Company	-	-
Total current borrowings	4,403	4,272
Non-current		
Loans from foundation trust financing facility	27,324	29,507
Obligations under private finance initiative contracts	47,580	49,315
Total Non-current borrowings	74,904	78,822

16.2 **Reconiliation of liabilities arising from financing activities - Group**

	Total £000	DHSC Loans £000	Other Loans £000	PFI Schemes £000
Carrying Value at April 1 2021	83,093	32,212	-	50,881
Cash Movements:				
Financing cash flows - principal	(3,750)	(2,183)	-	(1,567)
Financing cash flows - interest	(3,668)	(1,271)	-	(2,397)
Non-Cash Movements:				
Interest charge arising in year (application of effective interest rate)	3,631	1,234	-	2,397
Carrying Value at March 31 2022	79,306	29,992	-	49,314

16.3 **Reconiliation of liabilities arising from financing activities - Trust**

	Total £000	DHSC Loans £000	Other Loans £000	PFI Schemes £000
Carrying Value at April 1 2021	83,093	32,212	-	50,881
Cash Movements:				
Financing cash flows - principal	(3,750)	(2,183)	-	(1,567)
Financing cash flows - interest	(3,668)	(1,271)	-	(2,397)
Non-Cash Movements:				
Interest charge arising in year (application of effective interest rate)	3,631	1,234	-	2,397
Carrying Value at March 31 2022	79,306	29,992	-	49,314

17 **Prudential borrowings limit**

Prudential Borrowing Limit disclosures are no longer required, the Prudential Borrowing Code having been repealed by the Health and Social Care Act 2012

18

PFI obligations (on SOFP) - group and trust	March 31 2022 £000	March 31 2021 £000
Gross PFI liabilities of which liabilities are due:		
- Not later than one year;	4,056	3,964
- Later than one year and not later than five years;	15,031	15,948
- Later than five years.	58,914	62,052
Finance charges allocated to future periods	(28,686)	(31,083)
Net PFI Liabilites	49,315	50,881
- Not later than one year;	1,734	1,567
- Later than one year and not later than five years;	6,613	7,188
- Later than five years.	40,968	42,126
Total PFI obligations	49,315	50,881

18.1 **PFI obligations - Group and trust**

The Trust is committed to make the following payments for on SoFP PFIs obligations during the next year in which the commitment expires:

	March 31 2022 Total £000	March 31 2022 PFI 1 £000	March 31 2022 PFI 2 £000	March 31 2021 Total £000
16th to 20th years (inclusive)	4,069	4,069	-	3,865
26th to 30th years (inclusive)	8,621	-	8,621	7,969

18.2

PFI total commitments (on SOFP) - group and trust	March 31 2022 £000	March 31 2021 £000
- Not later than one year;	12,690	11,834
- Later than one year and not later than five years;	54,013	50,369
- Later than five years.	290,847	290,306
Total commitments in respect of the PFI	357,550	352,509
- Not later than one year;	12,066	11,249
- Later than one year and not later than five years;	45,341	42,249
- Later than five years.	156,245	152,173
Total present value of commitments	213,652	205,671

18.3

PFI service commitments (on SOFP) - group and trust	March 31 2022 £000	March 31 2021 £000
Charge in respect of the service element of the PFI for the period	4,417	4,335
Commitments in respect of the service element of the PFI:		
- Not later than one year;	4,544	4,203
- Later than one year and not later than five years;	17,313	16,048
- Later than five years.	65,101	63,110
	86,958	83,361

18.4 **PFI contract details**

The Foundation Trust has entered into two PFI contracts:

PFI 1 - Northern PFI Scheme

This is a 35 year contract with Healthcare Support (Erdington) Limited which commenced in April 2002 and is for the provision of six buildings including "hard" facility management services. The service provision is implicitly for the patients, staff and visitors of the Trust. This contract has been treated as being on-statement of financial position by the Trust following a review of the contracts based on Treasury Task force Technical Note 1 "How to account for PFI transactions" which interprets IAS16 ''Property, Plant and Equipment'' and IFRIC12'' Service Concession Arrangements''. The increase in annual Unitary Charge is linked to annual movement is RPIx.

At the end of the concession period, the ownership of the six buildings transfers to the Trust at which point the contract will expire.

The Contract also includes the provision of "soft" facility management services. These services are also linked to the annual movement in RPIx but are subject to a market testing exercise which takes place every 5 years. This commenced in January 2014.

The contract stipulates obligations on the Trust and Healthcare Support (Erdington) Limited. Should either party default on its contractual obligations then the other party has the right to terminate the contract. Provisions for compensation are included within the contract which include the Trust settling the amount of outstanding senior debt.

PFI 2 - Birmingham New Hospital Projects

This is a 38 year contract with Consort Healthcare (Birmingham) Limited which commenced in July 2008 and is for the provision of three buildings including "hard" facility management services. The PFI contract was jointly undertaken by the Trust and University Hospital Birmingham NHS Foundation Trust (UHB) for the "Birmingham Super Hospitals" in Selly Oak of which the Trust provides Mental Health services. Only the assets, liability, income and expenditure directly attributable to the Trust under the contract are disclosed in these accounts. The service provision is implicitly for the patients, staff and visitors of the Trust. This contract has been treated as being on-statement of financial position by the Trust following a review of the contracts based on Treasury Task force Technical Note 1 "How to account for PFI transactions" which interprets IAS16 ''Property, Plant and Equipment'' and IFRIC12'' Service Concession Arrangements''. The annual Unitary Charge is linked to annual movement is RPI. On the 15th anniversary of the commencement of the contract the Unitary Payment is subject to a market testing exercise.

At the end of the concession period, the ownership of the three buildings transfers to the Trust at which point the contract will expire.

The contract contains various termination clauses including voluntary, events of default, Force Majeure, and termination due to material non-availability clauses each having its own compensation mechanism. The voluntary termination clause requires the Foundation Trust to act jointly with UHB.

19 **Provisions for Liabilities and charges - group**

	Total	Legal claims	Property	Restructuring	Injury allowance	Other
	£000	£000	£000	£000	£000	£000
At April 1 2021	3,633	214	1,573	-	1,028	818
Arising during the year	2,231	69	124	-	-	2,038
Utilised during the year	(139)	(64)	-	-	(75)	-
Reversed unused	(208)	-	-	-	(156)	(52)
At March 31 2022	5,517	219	1,697	-	797	2,804
Expected timing of cash flows:						
- Not later than one year;	1,169	219	306	-	76	568
- Later than one year and not later than five years;	2,304	-	-	-	304	2,000
- Later than five years.	2,044	-	1,391	-	417	236
Total provisions for liabilities and charges	5,517	219	1,697	-	797	2,804

The legal claims provision relates to personal legal claims that have been lodged against the Foundation Trust with the NHS Resolution (Formerly NHSLA) but not yet agreed. The exact timing or amount of any payment will only be known once the case is heard, although it is expected that all cases will be resolved during the year ended March 31 2022.

The Trust has £100k of contingent liabilities in respect of legal claims notified by NHS Resolution for potential employer and public liability claims over and above those detailed above at March 31 2022 (£100k at March 31 2021).

The property provision consists of amounts payable on dilapidation costs. Dilapidation provisions are based on managements best estimate of settling dilapidation costs contained within lease contracts but the exact liability will only be known once settlement has been agreed with the lessor. The timing of the cash flows is based on the length of the lease.

The restructuring provision relates to the cost of restructuring a service where an obligation exists at the year end; the most significant cost being redundancy and termination payments. Provisions are only recognised after a clear decision has been made to remove a post and the decision has been communicated to those affected.

The injury allowance provision relates to permanent injury and early retirement provisions. The liability of the Foundation Trust is dependant based on life expectancy.

The other provision consists of £516k for Increment Provision, £236k for Clinicians Pension Tax and the Trust is currently in legal discussions re a trademark infringement. The judgement was issued in January 2019, with costs paid during 2018/19 of £42k. The Trust were asked to provide further information to the Court as to whether any 'profit' had been made from using their trademark, and we await a final judgement on this element. The Trust has a provision of £52k for this. £2,000k for onerous lease costs relating to the Trust's intention to exercise the option of break on the lease of B1, Trust headquarters.

19.1 **Provisions for Liabilities and charges - trust**

	Total	Legal claims	Property	Restructuring	Injury allowance	Other
	£000	£000	£000	£000	£000	£000
At April 1 2021	3,633	214	1,573	-	1,028	818
Arising during the year	2,231	69	124	-	-	2,038
Utilised during the year	(139)	(64)	-	-	(75)	-
Reversed unused	(208)	-	-	-	(156)	(52)
At March 31 2022	5,517	219	1,697	-	797	2,804
Expected timing of cash flows:						
- Not later than one year;	1,169	219	306	-	76	568
- Later than one year and not later than five years;	2,304	-	-	-	304	2,000
- Later than five years.	2,044	-	1,391	-	417	236
Total provisions for liabilities and charges	5,517	219	1,697	-	797	2,804

19.2 **Clinical Negligence liabilities - group and trust**

	March 31 2022	March 31 2021
	£000	£000
Amount included in provisions of the NHS Resolutions (formerly NHSLA) in respect of clinical negligence liabilities of Birmingham and Solihull Mental Health NHS Foundation Trust	2,798	1,969

20 **Contractual capital commitments - group and trust**

The Group was contractually committed to £1,171k at 31 March 2022 (£949k at 31 March 2021) of capital expenditure for the purchase of property, plant and equipment.

21 **Third party assets**

The trust held £1,085k cash and cash equivalents at March 31 2022 (£1,147k March 31 2021) which relates to monies held by the Foundation Trust on behalf of patients. This has been excluded from the cash and cash equivalents figure reported in the accounts.

22 **Cash and cash equivalents**

	Group		Trust	
	2021/22	2020/21	2021/22	2020/21
	£000	£000	£000	£000
At April 1	28,803	13,955	26,114	11,660
Net change in year	25,996	14,848	25,300	14,454
At March 31	54,799	28,803	51,414	26,114
Broken down into:				
Cash in hand (petty cash)	45	51	45	51
Cash at commercial banks	3,385	2,689	-	-
Cash at GBS	51,369	26,063	51,369	26,063
Cash and cash equivalents as in SOFP	54,799	28,803	51,414	26,114
Bank overdraft				
Cash and cash equivalents as in SOCF	54,799	28,803	51,414	26,114

23 **Ultimate parent compnay**

The Foundation Trust is a public benefit corporation established under the NHS Act 2006. NHS Improvement, the NHS Foundation Trust Regulator, has the power to control the Trust within the meaning of IAS 27 'Consolidated and Separate Financial Statements' and therefore can be considered as the Trust's parent. NHS Improvement does not prepare group accounts but does prepare separate NHS Foundation Trust Consolidated Accounts. The NHS FT Consolidated Accounts are then included within the Whole of Government Accounts. NHS Improvement is accountable to the Secretary of State for Health. The Foundation Trust's ultimate parent is therefore HM Government.

23.1 **Related party transactions**

The Foundation Trust has taken advantage of the exemption provided by IAS 24 'Related Party Disclosures', where the parent's own accounts are presented together with the consolidated accounts and any transactions or balances between group entities have been eliminated on consolidation.

During the year the Foundation Trust did not enter into any material transactions with Board members, governors, key staff members or parties related to them. The Trust did have material transactions with entities within the Whole of Government, details of which are listed below. We have disclosed any values over £1.5m as we consider this to be significant (prior period comparatives remain)

	Income > £1.5m	
	2021/22	2020/21
	£000	£000
University Hospital Birmingham NHS Foundation Trust	3,427	3,288
NHS Birmingham and Solihull CCG	199,306	162,881
NHS England	124,735	100,453
Health Education England	12,954	11,561
Solihull Metropolitan Borough Council	2,673	2,420
Birmingham Women's and Children's Hospital NHS Foundation Trust	1,502	1,508
Midlands Partnership NHS Foundation Trust	2,682	161
NHS Black Country and West Birmingham CCG*	2,937	1,568

*Formerly known as NHS Sandwell and West Birmingham CCG

	Expenditure > £1.5m	
	2021/22	2020/21
	£000	£000
Birmingham Community Healthcare NHS Trust	4,019	3,770
NHS Pension Scheme	27,944	26,698
HMRC - Other Taxes and NI	19,405	18,064
NHS Birmingham and Solihull CCG	967	3,419
Midlands Partnership NHS Foundation Trust	10,397	871
Coventry and Warwickshire Partnership NHS Trust	5,874	155
Birmingham Women's and Children's NHS Foundation Trust	4,571	112
Black Country Healthcare NHS Foundation Trust	1,954	56
University Hospitals Birmingham NHS Foundation Trust	1,554	1,017

23.2 **Related party balances**

At the year end the Foundation Trust had material balances with entities within the Whole of Government, details of which are listed below:

	Receivables > £0.5m	
	March 31 2022	March 31 2021
	£000	£000
NHS England	15	738
HMRC (VAT)	1,756	1,629
NHS Birmingham and Solihull CCG	2,545	249
Wye Valley NHS Trust	-	761
South Warwickshire NHS Foundation Trust	58	521

	Payables > £0.5m	
	March 31 2022	March 31 2021
	£000	£000
HMRC - Other Taxes and NI	4,978	4,539
NHS Pension Scheme	2,723	2,610
Birmingham Community Healthcare NHS Trust	1,008	125
NHS Property Services	624	475
University Hospital Birmingham NHS Foundation Trust	565	-
NHS Birmingham and Solihull CCG	745	1,571
NHS England	7,785	13
Coventry and Warwickshire Partnership NHS Trust	1,305	127

The Foundation Trust is the Corporate Trustee of Birmingham and Solihull Mental Health NHS Foundation Trust Charity Caring Minds (Charity number 1098659) and provides administration services for the Charity. At March 31 2022 the Trust was owed £174k (£240k at March 31 2021) from the Charity for expenses incurred by the Trust related to the Charity.

The Foundation Trust is parent of the wholly owned subsidiary Summerhill Services Limited. At March 31 2022 the Trust was owed £51,295k from the company (£52,362K at 31 March 2021) . Income from Summerhill Services Limited during the year amounted to £26,610k (£24,778k at 31 March 2021) and the expenditure incurred was £27,199k (£25,877k at 31 March 2021).

All related party balances are not secured, are on standard Foundation Trust terms and conditions and will be settled in cash

23.3 **Declaration of Interest - Board**

Name of Person	Name of Organisation	Interest
Danielle Oum	Finegreen	Supporting shortlisting of Stockport Chair
	Healthwatch England	Committee Member
	Walsall Healthcare NHS Trust	Chair
	West Midlands housing association WHG	Chair
	Coventry & Warwickshire ICS	Chair Designate of the ICB
Roisin Fallon-Williams	NIL	NIL
Dr Hilary Grant	*BSMHFT	*Husband Working as principal clinical psychologist at meriden Programme
Sarah Bloomfield	Deloitte LLP	Clinical Advisor and employee coaching
	Public Services Ombudsman Wales	Clinical Advisor for the service
	Mid and West Wales Adoption Service	Independent Panel Member for the adoption service
Dave Tomlinson	DEAT Consulting Limited which has previously provided services to the NHS	95% Shareholder and Director
	Summerhill Services Limited	Director
	RHF Plumbing & Heating Ltd	Director
	*BSMHFT	*Wife working as Executive Assistant
Vanessa Devlin	NIL	NIL
Patrick Nyarumbu	Needlesmart	Member of Clinical Advisory Group
Linda Cullen	CQC	Second Opionion Appointed Doctor
	Home Group Limited	Non Executive Director
Joy Warmington (Completed Term of Office 28 May 2021)	BRAP	Chief Executive Officer
	Migrant Voice	Director
Waheed Saleem (Completed Term of Office 31 July 2021)	Strategic Police and Crime Board - West Midlands Police and Crime Commissioner	Assistant Police and Crime Commissioner
	Cabinet Office	Member of the Community and Voluntary Services Honours Committee
	Midlands Air Ambulance Charity	Non-Executive Director
	Birmingham City University	Member Business Advisory Board
	CLGS RTM Company Limited	Director
	Walsall Alliance Limited	Managing Director
	Waldoc Limited	Director, 33% Ordinary Shares
Gianjeet Hunjan	Royal Orthopaedic Hospital	Non Executive Director
	ACCEA	Chair – West Midlands
	Ferndale Primary School	Governor
	Oldbury Academy	Governor
	*BSMHFT	*Niece is a Trainee in Psychological Well-being
Phillip Gayle	Walsall Healthcare Trust	Non Executive Director
	PG Consultancy	Director
	Servol Community Services	CEO
Russell Beale	CloudTomo	Director, shareholder - Security company pre-commercial
	BeCrypt	Founder and Minority Shareholder - Computer Security Company
	Azureindigo	Director, 50% shareholder - Health and behaviour change company working in (physical and mental health) domains
	Limited Infinity Ltd	Director
	University of Birmingham	Professor
Ann Baines (Appointed 01 August 2021)	NIL	NIL
Winston Weir (Appointed 01 August 2021)	NIL	NIL

24 **Financial risk management**

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the year in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Foundation Trust has with Clinical Commissioning Groups and the way those Clinical Commissioning Groups are financed, the Foundation Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Foundation Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS Trust in undertaking its activities.

The Foundation Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Foundation Trust's standing financial instructions and policies agreed by the Board of Directors. The Foundation Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk

The Foundation Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Interest rate risk

The Foundation Trust borrows from government for capital expenditure, subject to affordability. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Foundation Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Foundation Trust's income comes from contracts with other public sector bodies, the Foundation Trust has low exposure to credit risk. The maximum exposures as at March 31 2022 are in receivables from customers, as disclosed in the Trade and other receivables note. The risk associated with cash and deposits with financial institutions (National Loan Funds) is considered to be low as trading cash is held with the Government Banking Service and deposits are only placed on a short-term basis with highly rated UK banks.

Liquidity risk

The Foundation Trust's operating costs are incurred under contracts with Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Foundation Trust funds its capital expenditure from funds from robust management of its cash-flows. The Foundation Trust is not, therefore, exposed to significant liquidity risks.

25	**Group financial assets by category**	March 31 2022 Loans and receivables £000	March 31 2021 Loans and receivables £000
	Assets as per SOFP		
	Trade and other receivables excluding non-financial assets	6,087	5,800
	Cash and cash equivalents (at bank and in hand)	54,799	28,803
	Total group financial assets at March 31	60,886	34,603

25.1	**Trust financial assets by category**	March 31 2022 Loans and receivables £000	March 31 2021 Loans and receivables £000
	Assets as per SOFP		
	Trade and other receivables excluding non-financial assets	8,301	8,937
	Cash and cash equivalents (at bank and in hand)	51,414	26,114
	Total trust financial assets at March 31	59,715	35,051

26	**Group financial liabilities by category**	March 31 2022 Other financial liabilities £000	March 31 2021 Other financial liabilities £000
	Liabilities as per SOFP		
	Borrowings excluding finance lease and PFI liabilities	29,993	32,212
	Obligations under private finance initiative contracts	49,314	50,881
	Trade and other payables excluding non-financial liability	44,234	27,717
	Total group financial liabilities at March 31	123,541	110,810

26.1	**Trust financial liabilities by category**	March 31 2022 Other financial liabilities £000	March 31 2021 Other financial liabilities £000
	Liabilities as per SOFP		
	Borrowings excluding finance lease and PFI liabilities	29,993	32,212
	Obligations under private finance initiative contracts	49,314	50,882
	Trade and other payables excluding non-financial liability	42,805	27,441
	Total trust financial liabilities at March 31	122,112	110,535

27 **Losses and special payments**

NHS Foundation Trusts are required to report to the Department of Health any losses or special payments, as the Department of Health still retains responsibility for reporting these to Parliament.

There were 83 cases of losses and special payments totalling £305k during the year to March 31 2022 (112 cases totalling £196k during the year to March 31 2021). These amounts are reported on an accruals basis but excluding provisions for future losses.

Losses and special payments (approved cases only)	2021/22 Total No. of cases Number	2021/22 Total value of cases £000	2020/21 Total no. of cases Number	2020/21 Total value of cases £000
Losses:				
Losses of cash due to :				
Theft, fraud etc	-	-	-	-
Fruitless payments and constructive losses	-	-	-	-
Bad debts and claims abandoned in relation to :				
Other	38	226	37	128
Damage to buildings, property etc. (including stores losses) due to:				
Theft, fraud etc	-	-	-	-
Store losses	-	-	12	4
Other	-	-	-	-
Total Losses	38	226	49	132
Special payments :				
Compensation under legal obligation	22	64	26	50
Ex gratia payments; in respect of; loss of personal effects	22	3	37	14
Overtime corrective payments	1	12	-	-
Total special payments	45	79	63	64
Total losses and special payments	83	305	112	196

28 **Pensions**

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2022, is based on valuation data as 31 March 2021, updated to 31 March 2022 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

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

The 2016 funding valuation also tested the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. There was initially a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

HMT published valuation directions dated 7 October 2021 (see Amending Directions 2021) that set out the technical detail of how the costs of remedy are included in the 2016 valuation process. Following these directions, the scheme actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme, which concludes no changes to benefits or member contributions are required. The 2016 valuation reports can be found on the NHS Pensions website at https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports.

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Corporation Tax Expense	2021/22 £000	2020/21 £000
UK corporation tax expense	445	384
Adjustment in respect of prior years	(106)	-
Current tax expense	339	384
Origination and reversal of temporary differences	(45)	(78)
Deferred tax expense	(45)	(78)
Total income tax expense in statement of comprehensive income	294	306
Reconciliation of effective tax charge		
Effective tax charge percentage	(56)	(151)
Tax if effective tax rate charged on surpluses before tax	(56)	(151)
Effect of :		
Surpluses not subject to tax	-	-
Non-deductible expenses	501	535
Adjustments in respect of prior years	-	-
Share of results of joint ventures and associates	-	-
Change in tax rate	-	-
Other	-	-
Total income tax charge for the year	445	384

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Deferred tax asset / liability	2021/22 £000	2020/21 £000
Deferred tax asset to be recovered after > 12 months	103	58
Deferred tax liability to be recovered after > 12 months	-	-
Total deferred tax asset / Liability	103	58

Annual accounts
Documents prepared by the FT to show its financial position. Detailed requirements for the annual accounts are set out in the Department of Health Group Accounting Manual , published by NHSI. The *Annual Reporting Manual* was previously called the *Foundation Trust Financial Reporting Manual* .

Annual report
A document produced by the FT that summarises the FT's performance during the year, including the annual accounts.

Asset
Something the FT owns – for example a building, some cash, or an amount of money owed to it.

Audit Code
Audit Code for Foundation Trusts
A document issued by NHS Improvement, which sets out how FT audits must be conducted.

Audit opinion
The auditors' opinion of whether the FT's accounts show a true and fair view of its financial affairs. If the auditors are satisfied with the accounts, they will issue an unqualified audit opinion.

Available for sale
Assets are classed as available for sale if they are held neither for trading nor to maturity. An example of this would be an investment without a maturity date such as an ordinary share.

Statement of Financial Position
A year-end statement prepared by all public and private sector organisations, which shows the net assets controlled by the organisation and how these have been funded. The balance sheet is known as the Statement of Financial Position under IFRS.

Breakeven
An FT has achieved breakeven if its income is greater than or equal to its expenditure.

Cash and cash equivalents
Cash includes cash in hand and cash at the bank. Cash equivalents are any other deposits that can be converted to cash straight away.

Corporation tax
A tax payable on a company's profits. FTs may have to pay corporation tax in the future.

Current asset or current liability
An asset or liability the FT expects to hold for less than one year.

Depreciation
An accounting charge to represent the use, or wearing out, of assets. As a result the cost of an asset is spread over its useful life.

Earnings before interest, tax, depreciation and amortisation (EBITDA)
A measure of an FT's financial performance excluding interest, tax, depreciation and amortisation. EBITDA is used to calculate some of NHS Improvements risk ratings.

External auditor
The independent professional auditor who reviews the accounts and issues an opinion on whether the accounts present a true and fair view.

External financing limit
A measure of the movement in cash an FT is allowed in the year, which is set by the government.

Finance lease
An arrangement whereby the party leasing the asset has most or all of the use of an asset, and the lease payments are akin to repayments on a loan.

Financial statements
Another term for the annual accounts.

Department of Health Group Accounting Manual (GAM)
The key document, published annually by NHS Improvement, setting out the framework for the FT'S accounts. Now called the Group Accounting Manual (GAM).

Going concern
The accounts are prepared on a going concern basis, in other words with the expectation that the FT will continue to operate for at least the next 12 months.

Impairment
A decrease in the value of an asset.

Intangible asset
An asset that is without substance, for example computer software.

International Financial Reporting Standards (IFRS)
The new accounting standards that the NHS has adopted from April 2009.
International Standards on Auditing (United Kingdom and Ireland) (ISAs (UK&I))
The professional standards external auditors must comply with when carrying out audits.

Inventories
Stock, such as clinical supplies.

Liability
Something the FT owes, for example an overdraft, a loan, or a bill it has not yet paid.

Liquidity ratio
Liquidity is a measure of how easily an asset can be converted into cash. Bank deposits are very liquid, debtors less so. The liquidity ratio is a measure of an entity's ability to meet its obligations, in other words how well it can pay its bills from what it owns.

Non-current asset or liability
An asset or liability the FT expects to hold for more than one year.

Non-executive director
Non-executive directors are members of the FT's board of directors but do not have any involvement in day-to-day management of the FT. They provide the board with independent challenge and scrutiny.

Operating lease
An arrangement whereby the party leasing the asset is paying for the provision of a service (the use of the asset) rather than exclusive use of the asset.

Payables
Amounts the FT owes.

Clinical Commissioning Groups (CCG's)
The body responsible for commissioning all types of healthcare services across a specific locality.

Primary statements
The four main statements that make up the accounts: the Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Taxpayers' Equity; and Statement of Cash Flows.

Private Finance Initiative (PFI)
A way of funding major capital investments, without immediate recourse to the public purse. Private consortia, usually involving large construction firms, are contracted to design, build, and in some cases manage new projects. Contracts typically last for 30 years, during which time the building is leased by the FT.

Provision
A liability of uncertain timing or amount.

Prudential Borrowing Code
NHS Improvements mechanism to limit the total amount an FT is allowed to borrow. The Code sets out how to determine an FT's prudential borrowing limit.

Prudential borrowing limit
The amount of money an FT is allowed to borrow, as agreed with NHS Improvement

Public dividend capital
Taxpayers' equity, or the taxpayers' stake in the FT, arising from the government's original investments in NHS trusts when they were first created.

Receivables
Amounts owed to the FT.

Remuneration report
The part of the annual report that discloses senior officers' salary and pension information.

Reserves
Reserves represent the increase in overall value of the organisation since it was first created.

Statement of Cash Flows
The name for the cash flow statement under IFRS. It shows cash flows in and out of the FT during the period.

Statement of Changes in Taxpayers' Equity
One of the primary statements which shows the changes in reserves and public dividend capital in the period.

Statement of Comprehensive Income
The new name for the income and expenditure account, and the public sector equivalent of the profit and loss account. It shows what income has been earned in the year, what expenditure has been incurred and hence the surplus or deficit for the year.

Statement on Internal Control
A statement about the controls the FT has in place to manage risk.

Those charged with governance
Auditors' terminology for those people who are responsible for the governance of the FT, usually the audit committee.

True and fair
It is the aim of the accounts to show a true and fair view of the FT's financial position, that is they should faithfully represent what has happened in practice.

UK GAAP (Generally Accepted Accounting Practice)

The standard basis of accounting in the UK before international standards were adopted.

Unrealised gains and losses
Gains and losses may be realised or unrealised. Unrealised gains and losses are gains or losses that the FT has recognised in its accounts but which are potential as they have not been realised. An example of a gain that is recognised but unrealised is where the value of assets has increased. This gain is realised when the assets are sold or otherwise used

Noted	Meaning
"k"	'000
" £ m"	'000000
" '000 "	'000

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B1 3RB

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