NHS
Birmingham and Solihull
Mental Health
NHS Foundation Trust

# Annual report and accounts

2020/21

compassionate

inclusive

committed

Birmingham and Solihull
Mental Health NHS Foundation Trust

# Annual report and accounts 2020/21

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 2020/21 at their meeting 14 June 2021.

**Roísìn Fallon-Williams**
**Chief Executive**
**14 June 2021**

# Performance report

## Overview

This overview of performance provides a short summary of the organisation, its purpose, the key risks to achieving our objectives and 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 2020 to 31 March 2021.
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.

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.

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 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 want to pay tribute to all our NHS colleagues who have lost their lives across the country to this terrible disease. All of our staff, carers and volunteers have worked tirelessly since the outbreak and their dedication, commitment and resolve has kept everyone as safe as possible whilst providing the care and support that our service users needed.
The unprecedented challenges posed by COVID-19 saw immense efforts made by all at team BSMHFT and an amazing collaborative spirit from everyone.
Some benefits that did come from the pandemic were new ways of working and greater flexibility that we believe ought to be maintained post COVID.

And 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.

We have included further information on our response to the pandemic on page 18 of this report.

There is no doubt that mental health services will be in much greater demand because of COVID-19 as people have been badly affected by the terrible loss of life, isolation and disruption to activities that would normally help people to stay well. The pandemic also shone a light on inequalities, and we are committed to continue to address these inequalities through the successful implementation of our strategy in the next five years.

We welcomed Danielle Oum as our new Chair in November of 2020. Her extensive chair and non-executive experience will be invaluable in helping us to meet the challenges ahead. She joined the Trust from Walsall Healthcare NHS Trust where she had 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 is keen to further promote equality and inclusion, particularly within disadvantaged communities.

Danielle replaced Sue Davis, who had served as Trust Chair from 2012 to the end of her tenure as Chair. We would like to thank Sue for her leadership of the Trust, and for her hard work and commitment and all that she has achieved in the nine years with the Trust.

We appointed Patrick Nyarumbu as the Executive Director of Strategy, People and Partnerships in November 2020. Patrick was previously Director of Nursing, Leadership and Quality for NHS England and NHS Improvement (East of England). He replaced Susan Young, Interim Director of Strategy, People and Partnerships who left the Trust in November 2020.

Sue Hartley, Director of Nursing retired at the end of this financial year and we would like to wish her a happy and long retirement. We were joined by Sarah Bloomfield, Interim Executive Director of Quality and Safety (Chief Nurse) in March 2021.

We are pleased to again report that the Trust continues to meet and exceed the mental health national access waiting time standards that are in place for the following three service areas:

- First episode psychosis services – 60% of service users experiencing a first episode of psychosis are seen by their early intervention services and commence NICE compliant treatment within two weeks of referral.
- Increasing access to psychological therapies services (IAPT) – 75% of people referred to the IAPT service beginning treatment within six weeks of referral and 95% beginning treatment within 18 weeks of referral.
- Children and Young People Eating Disorders services – Children and young people (up to the age of 19) referred for assessment or treatment for an eating disorder should receive NICE-approved treatment with a designated healthcare professional within one week for urgent cases and four weeks for every other case.

It is also pleasing to note that the Trust has met the quarterly IAPT Moving to Recovery target of 50%.

Unfortunately, we have not met the reduction trajectories for reducing out of area bed days in line with national plans to achieve zero out of areas by end March 2021. It was, however, recognised nationally that the delivery of this would be challenging in the circumstances presented by the pandemic. Where possible the Trust has continued to maintain the implementation plan agreed with commissioners, which includes a combination of short term

and medium to longer term actions. We recognise that transformational changes in how services are provided across patient pathways will be needed to ensure patients are not placed out of area in future and work is underway to achieve this.

The commitment and effort of our amazing staff have also attracted well-deserved recognition as, in in March 2021 Ruth May, the Chief Nursing Officer (CNO) for the NHS in England, presented several our nurses with CNO awards. Our Deputy Director of Nursing, Natalie Willetts; our Head of Safeguarding, Cath Evans; and Zalika Geohaghon, our Senior Infection Prevention and Control Nurse Specialist, received silver awards, recognising their contribution to patients and the profession. Sue Hartley, our outgoing Executive Director of Nursing who retired at the end of March after a 40-year nursing career, received a gold award in recognition of her lifetime achievements.

These exceptional nurses have all shown unswerving commitment and compassion to service users, carers, and colleagues, particularly during the COVID-19 pandemic.

Two programmes involving our Trust were shortlisted in the HSJ Value Awards in March 2021 and are awaiting the awards ceremony in June. The Birmingham and Solihull Partnership Trainee Nursing Associates – Expert by Experience Connector project has been shortlisted in the Pilot Project of the Year category. The Expert by Experience Connector project enables Trainee Nursing Associates (TNAs) to develop their understanding of person-centred care. The Trainee Nursing Associates Partnership involves five trusts in Birmingham and Solihull – our Trust, University Hospitals Birmingham, the Royal Orthopaedic Hospital, Birmingham Women's and Children's and Birmingham Community Healthcare. The West Midlands Adult Eating Disorders Provider Collaborative has been shortlisted in the Value of the Year Award category. Through working together, the partners in the collaborative have improved the quality and consistency of service, including reducing the distance many patients need to travel to receive care.

The Birmingham Older People's Programme, which our Older Adults service is part of, were finalists in the HSJ Awards in the Health and Local Government Partnership category.

In March our Senior Equality, Diversity and Inclusion Lead, Bina Saini, was nominated for the Most Innovative #FREDIE Initiative of the Year Award 2021. FREDIE stands for Fairness, Respect, Equality, Diversity, Inclusion and Engagement , and the awards are run by the National Centre for Diversity. This was in recognition of her work on introducing Inclusion Advisors into the Trust. The virtual awards ceremony takes place in May 2021.

We are pleased to let you know that we are a pilot site for the development of the Patient Carer Race Equality Framework with NHS England and will be consulting and gaining feedback from patients, carers, families, staff and the wider community in the summer of 2021.

We should be very proud of our achievements and take a moment to reflect on them. We must then strive to build upon them in the year ahead, recognising the challenges we will face, but will overcome by working together and by living our values.

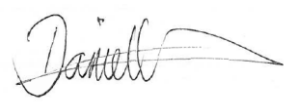
Our staff survey tells us that there is much more we need to do to make our Trust a fairer place to work for everyone and enable staff to work better together as teams. While overall there was no significant change in our results longstanding issues remain.

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 board 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.

However, the launch of our new 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.

We hope you find the information in this report to be useful.



**Danielle Oum**
**Chair**
**14 June 2021**

**Roísìn Fallon-Williams**
**Chief Executive**
**14 June 2021**

# 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 services 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. We 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

We have a five-year strategy covering 2021-2026. 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 (BAF). 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:<br>• shortfall of funding for capital projects<br>• failure to achieve planned annual surplus<br>• 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 wellbeing of 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:<br>• there is no sustained investment in mental health and parity of esteem<br>• the number of patients needing our services continues to increase<br>• 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:<br>• recognise and address negative behaviours in the workplace - such as bullying and harassment<br>• promote a culture of openness, transparency and fairness<br>• deliver a diverse workforce that is representative of the population that it serves.<br>• address the demand and capacity in the system. |
| **We will listen to and work alongside service users, carers, staff and stakeholders.** | If we have not established waiting times and monitoring arrangements for all of our individual areas, it may result in patients deteriorating and requiring hospital care. Will result in 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 is 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 if there are 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 disclosure

The Trust completes a going concern assessment each 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. 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 financial statements of Summerhill Services Limited have been prepared on a going concern basis which assumes that the company will continue in existence for the foreseeable future. The accounting policies have been consistently applied throughout the year. There were no new standards, amendments, and interpretations effective this year. The company's directors have assessed the company's positive financial ratios, the constant track of trading profit ensuring positive cash flow and they are pleased with the continued operational performance and financial improvements.

The current COVID-19 national emergency creates many new risks, but the company is not at any greater risk than all other companies working with NHS organisations. Therefore, the company directors agree there is no material uncertainty surrounding the going concern of the entity.

# 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 to the Board and its key 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

A key aim of the Trust Strategy 2017-2020 was to introduce a single integrated reporting system, as expanded within the supporting Quality and Information Strategies. This is taken to mean an overarching set of reports that describe the overall performance of the organisation from a wide variety of perspectives including quality, financial, contractual, activity and workforce.

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 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 the impact of COVID-19. However, the Performance Delivery Group provides an opportunity for the senior leaders in the Trust to discuss the impact on performance including operational, clinical, financial, staffing and performance. In addition, the standard agenda includes:

Presentations of performance and a review of one service area in full.

Performance and key issues in the four domains are discussed in detail at the Integrated Quality Committee (Quality), Finance, Performance and Productivity Committee (Sustainability and Performance) and People Committee (People) and the relevant Committee chair draws out key items to report back on and/or escalate to the Board or other committees. 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.

The Integrated Performance Report is presented to the Board members to provide assurance.

In 2020/21 further work has been undertaken to develop the integrated dashboard reporting structure to improve user access, with drill down capabilities supporting by SPC control charts to assess progress and improvement. This version of the dashboard is planned to go live from April 2021.

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:

Monthly exception-based performance report provided to the Trust's Finance Performance and Productivity Committee and Operational Management Team. Please note that due to the impact of COVID-19, exception-based reporting was provided instead. However, the full key performance indicator (KPI) report was published monthly 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 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.

It should be noted that due to the impact of COVID-19, ability of the services to meet service users face to face was significantly constrained – particularly in the Trust's community services – and as a result, contact and provision of services was provided using telephone and digital contact. These trends have continued although there is now some recovery in face-to-face contact across community services but this remains well below previous years' levels. This therefore impacted on many of the community measures which are reliant on face-to-face contact.

Intranet-based reporting on national, commissioning, and local priority KPIs as well as providing a library of reports 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.

In 2020/21 we restructured the intranet-based reporting tool to improve access, drill down capabilities and created a library of reports with an improved search function.

Service specific profile reports (SPRs) are now 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. It also includes information about the complexity of the current caseload including diagnosis, cluster, 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 provide overall population-based context in terms of prevalence and informing local discussions on understanding variation to aid learning and informing the Trust's improvement agenda.

**Power BI reports** – we have begun implementation of the Power BI tool to produce service level reports developed in conjunction with service leads to support operational oversight and decision making.

The Trust continues to meet and exceed the mental health national access waiting time standards that are in place for the following three service areas:

- First episode psychosis services – 60% of service users experiencing a first episode of psychosis are seen by their early intervention services and commence NICE compliant treatment within two weeks of referral.

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The Trust has not met the reduction trajectories agreed with its commissioner for reducing out of area bed days in line with national plans to achieve zero out of areas by end March 2021. However due to the impact of COVID-19, it was recognised nationally that the delivery

of this would be challenging in a COVID-19 environment but where possible the Trust has continued to maintain its implementation plan agreed with commissioners which includes a combination of short term and medium to longer term actions recognising that transformational changes in how services are provided across patient pathways will be needed to ensure patients are not placed out of area in future.

**Demand modelling** – Impact of COVID-19: 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.

Utilisation of available external benchmarking reports to provide overall population-based context in terms of prevalence and informing local discussions on understanding variation to aid learning and informing the Trust's improvement agenda.

# COVID-19

## Our approach to the pandemic

The approach taken by the Trust was centred around ensuring safe and effective services are maintained during the outbreak of COVID-19.

In particular we took steps to maintain services during periods of staffing shortages for a variety of reasons, i.e. increase in staff with COVID-19/staff in self-isolation, staff unable to attend work due to childcare responsibilities due to school or nursery closures and also focus on the clinical priorities within the services. The main areas of focus:

- Agreed the mechanisms that the Trust deployed to co-ordinate all COVID-19 related management matters, i.e. staffing level daily situation report, daily conference calls.
- Defined high priority services and activities that need to be maintained for statutory and clinical safety purposes.
- Identified and agreed services areas where activity could be reduced/suspended for staff to be redeployed into higher priority areas.
- Agreed a RAG rating system to assess workforce levels daily to ensure safe staffing levels.
- Put plans in place to support flexible and remote working.

## The command-and-control structure

The Trust moved to a Gold, Silver and Bronze command structure to handle the threat of COVID-19. This means establishing the structures it relies on to manage a major incident at the Trust.

The Gold (Strategic) Command group is responsible for determining Trust strategy, overseeing business continuity, and coordinating the response to COVID-19. All Executive Directors are members of the Gold (Strategic) Command group.

The Silver (Tactical) Command group is responsible for directly managing Trust response to COVID-19. They ensure that the operational response is coordinated, coherent and integrated to achieve maximum effectiveness and efficiency.

The Bronze (Operational) Command group is responsible for delivering the working elements of the response, taking direction from tactical command (Silver) to undertake actions in the tactical plan.

We established clear work streams to address specific area within the Trust, which were: Human Resources, IT, Finance, Legal and Ethical, Medical Workforce, Clinical Guidelines, Nursing, Communications, Service Changes, Supply Chain and Procurement, Personal and Protective Equipment (PPE) and Future Demand.

## Risk management

The COVID-19 Emergency Response Control Room have held the management of the risk register with the workstream leads identifying their risks for a central register. All the risks are on a dedicated register within the Trust Eclipse system and are open for all staff to view. The COVID-19 Emergency Response Control Room requests that the leads for each risk carry out a weekly review and inform the team of any additional risks to be added. The risks from the service areas should also be reviewed by the Clinical Directors and taken to the local Clinical Governance Committees for discussion.

**The following are the key controls to minimise the risk of transmission:**

- Bi-weekly meetings IPC and outbreak areas.
- Increased surveillance with support of link workers, matrons and local managers.
- Increased cleaning across the Trust and on affected areas.
- Individualised COVID-19 risk assessments for staff.
- Environmental COVID-19 risk assessments.
- Availability of lateral flow test for staff.
- Availability of rapid testing for admissions in Acute and Urgent Care Services.
- Escorted leaves in line with National Guidance.
- Weekly staff testing (PCR) on outbreak areas; working alongside BCHC to assist with staff PCR testing.
- Service unit weekly testing in most sites regardless of outbreak.
- PPE spot checks.
- Range of clinical guidelines in place.
- Comms engagement.
- General IPC measures in place.
- Bi-weekly matrons meeting with IPC presence.
- Fast track/trace and work with HR and temporary staff, able to quickly identify contacts and mobilize staff to keep ward working within safety levels.
- Creation of work bubbles, when possible, to minimize staff mobility while keeping safe staff levels.

## Learning lessons

There is significant value in considering lessons that were or still are being identified throughout the journey of delivering the response to COVID-19. It is widely recognised that capturing lessons is a key element to any incident. This process is established to ensure that capturing, communicating, and utilising lessons provide a basis for learning from and improving the experience in relation to future issues.

**What have we learnt – examples of good practice:**

- High level leadership provided during the pandemic with establishment of Silver and Bronze commands, frequent leadership meetings and briefings provided to staff through a variety of routes including webinars, listen up events, blogs and social media.
- Incident command centre was quickly established.
- Strong links between infection control, health and safety and occupation health.
- Timely development and dissemination of clinical guidance to colleagues.
- Departmental managers had access to expert support provided by infection control experts and the health and safety team.
- Those carrying out risk assessments were supported by the health and safety team and infection control team.
- PPE stocks were largely in good supply with good governance around the establishment of centralised and localised stock control.
- Additional cleaning regimes were quickly established.
- Delivery of meals to patients' bedrooms to avoid use of communal dining facilities.
- Enhanced S17 risk assessment criteria for Responsible Clinicians to consider risk impact of COVID-19 transmission during leave episodes.
- Timely guidance on visiting arrangements with dedicated facilities identified with supportive COVID safe measures.
- Timely arrangements and delivery of PPE and Fit Mask Training.
- Outbreak reviews identified lessons for wider learning which could be incorporated into communications and systems including transmission impact of sharing of mugs, crockery and cutlery, service users meeting in communal wards; breach of social distancing when smokers congregate in the courtyard.

**What have we learnt to enable us to improve further:**

- The restrictions in place regarding entering the physical environment during COVID-19 have limited our ability for assurance testing of the day-to-day application of controls. We have now agreed that floorwalking and assurance testing can re-commence across our sites. This will provide 'independent assurance' and learning as to the sustainability of controls across our sites, areas of best practice learning and identification of barriers preventing the effectiveness of controls.
- The pace at which new measures and controls were deployed is commended. There is now an opportunity to strengthen some of the systems in place around the efficacy of the controls and compliance with such controls. Examples include training levels for FIT testing, donning and doffing arrangements, adequacy of cleaning arrangements and the extent to which local induction has captured COVID-19 controls.

- Our approach to conducting COVID-19 risk assessments was swift. The system now needs to be revisited to establish the routine monitoring and supervision arrangements to ensure control measures identified in the risk assessments are implemented and are being maintained. The regularity in which we will review risk assessments should also be confirmed.
- It is probable the aged physical Estate of some of our secure care inpatient sites (Reaside and Hillis Lodge) contributed to transmission levels (porous internal structures, carpeted communal corridors, communal bathrooms (14 patients sharing two bathrooms), mealtime arrangements, higher ratio of staff to patient which can compromise social distancing, limited access to outdoor facilities).
- There is a need to review the provision of staff rest rooms and welfare facilities for staff operating on shift to ensure equity from site to site. Colleagues in our Steps to Recovery Services had no such facilities that could be accessed in a COVID secure manner during the pandemic.
- There was inconsistency in the arrangements for staff changing in and out of uniform with no staff having access to on-site laundering, some staff in our community working out of uniform and some staff not having access to changing facilities – we are now adding a one-page uniform guide to all new uniform packs and including guidance as part of local induction.
- Social distancing could not always be adhered to particularly when physical restraint of a patient was required due to their escalating behaviour and the risk of harm that they posed to themselves and or others.
- There was variation in compliance with PPE requirements amongst colleagues which required a varied response to differing situations. There is an opportunity for us to now reflect on how we can creatively engage and communicate with colleagues to support ongoing PPE compliance.
- There were unique clinical issues across some of our specialty services such as our Deaf Service and the use of face masks with no nationally approved safe solution to aid communication which led to variation in practice and enhanced risk of transmission.
- Would designated COVID hot areas in the wards have reduced transmission risk and the number of outbreaks? It is possible that this could have impacted on the number of outbreaks reported, as an outbreak is defined as a two positive cases for any ward that is not a designated hot ward. It is not necessarily the case that this would have reduced transmission levels without compromising clinical care, given the detection controls and isolation controls that we had in place. Our intelligence demonstrates that wave 2 transmission rates were more likely to have been impacted upon by higher variants of COVID-19 than risks associated with interventions such as restraint and, nationally, there is a theory of exhaustion of staff compromising the efficacy of controls.
- There is evidence of a lack of internal communication around the dissemination of some national best practice guidelines reaching the Infection Prevention and Control (IPC) Team between the period May 2020 and March 2021. This meant that the IPC Board Assurance Framework was not used to monitor progress and identify risks with sufficient regularity. This has now been remedied through the IPC Team receiving alerts directly from national bodies.
- We have identified a gap around our internal assurance reporting system for swabbing on day 1, 3, 5 and 7. We are undertaking a sample audit to determine

benchmark levels and will then apply a systemised approach to reporting across the Trust.

# New developments and achievements

## Development of our new Trust Five Year Strategy

In April 2021 we launched our new Trust Strategy, which sets out our direction of travel, ambitions and priorities for the next five years. Many colleagues across the Trust were involved in the development of our strategy, through one of the largest engagement exercises we have ever carried out. Between November 2019 and February 2020, we used a variety of mechanisms to ask what values we wanted to live by, what our key areas of focus should be, and what we needed to change. During summer 2020 we listened to feedback about the changes made in response to the COVID-19 pandemic and then asked for views about the draft contents of our strategy before taking it to the Trust Board for approval. We also held events with our Experts by Experience and the strategy has been awarded the Trust's first ever Recovery for All Quality Mark, for demonstrating the principles of recovery and co-production with service users and carers (see separate item later for more on this). Partners outside of the Trust were engaged to make sure our strategy aligns with national and local system plans and programmes of work.

The result is a strategy that is for everyone across the Trust and our stakeholders. It has been truly co-produced and gives us all the direction and focus to make our Trust a better place to work, make sure our service users are at the heart of what we do, and improve the quality of care we provide. 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.

## Transforming community mental health services

Our vision for community mental health services in Birmingham and Solihull has been developed during 2020/21 through large-scale co-production with partners across primary care, secondary care, local authorities, and the voluntary sector as well as Experts by Experience (including carers). Our ambition is for a life-course approach improving access and breaking down barriers for service users with severe mental illnesses (SMI) with support close to their home. We will remove concepts of referral, transfers and discharge, replacing them with an approach that flexes with service user needs and ensures holistic input for health and social determinants. Following a successful bid in 2020/21, we will use Long Term Plan investment monies to establish integrated neighbourhood multidisciplinary teams (MDTs) aligned to Primary Care Networks (PCNs). A strong blended multidisciplinary team approach, with a mix of providers across the NHS, social care, and voluntary and community organisations will dissolve boundaries between primary and secondary care, and improve professional relationships, quality and efficiency. Service users will experience care and support for physical health, mental health and social needs that is truly joined up.

## New urgent care centre

During the year work got under way on the development of an all-age Urgent Care Centre providing 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. The development brings opportunities for integrated working and co-location across NHS and voluntary sector organisations providing urgent care services. Construction is due to complete in late 2021.

## Introduction of our Recovery for All Quality Mark

The Recovery for All Quality Mark was introduced this year to recognise and celebrate various ways of working and practice that demonstrate implementation of the vision and principles of the Trust's Recovery for All Strategy. The Quality Mark has been co-produced with service users and carers, and applications can be made for existing areas or projects, or innovations and new developments. It can be awarded to any team, service or individual who can demonstrate through co- production and service user participation, that any changes made, can support recovery, and better outcomes for people that are open to our services. We now have quality advisor Experts by Experience that have been trained by our Quality Improvement Team, along with our Recovery for All team, to support projects that can improve care, and enable recovery. The first piece of work to be awarded the Recovery for All Quality Mark was the development of our new Trust Five Year Strategy, which launched in April 2021.

## New inpatient developments

We want our services to be provided from facilities that are modern, fit for purpose, meet accommodation and security standards and are conducive to the provision of safe, high quality care. Our Estates Strategy has two priorities for development over the next five years: In secure care, Reaside is a medium secure facility where the environment is over 30 years old and no longer fit for purpose for a modern 21st century secure service. Hillis Lodge is a standalone low secure facility commissioned in 2001. During this year plans have continued to be developed to re-provide both of these in a new build on the Reaside site in the south of Birmingham. In acute care, plans have continued to develop acute inpatient services in the north of Birmingham. The plan is to re-provide services in a new-build of the four acute units and one psychiatric intensive care unit designed in the 1970's and situated on the Highcroft hospital site in Erdington. These are long term programmes of work which will involve a number of approvals processes as they progress. Throughout we will engage staff, service users, families and carers and other stakeholders during the developments.

### See Me Team and Experts by Experience

For our See Me Team, really listening to the experiences of service users and families has been at the heart of the team's practice since they started over 20 years ago. Through our Experts by Experience (EBE) programme, we provide effective methods of supporting people

to speak out for themselves and opportunities to support service delivery and developments by demonstrating the values of co-production and improvement. Over the last year, the team have developed an engaging and thorough EBE training programme for any of our service users and carers who wish to become an EBE. These learning and development opportunities greatly strengthen the impact of EBE activities, such as participating in recruitment and selection panels, speaking to staff about their experience, running ward meetings, quality visits, and participating in co-production activities such as developing the Trust Strategy.

## Expert by Experience Quality Advisor roles in Quality Improvement (QI) Projects

Our Trust QI Team has been proactive in supporting meaningful EBE training and participation, leading to changes being adopted through collaborative working with the people that access our services.

The Recovery for All Team was delighted to co-deliver with the QI Team four days of training to two cohorts of EBEs. The first two days of learning were about the robust QI methods and processes. A further two days furnished our EBEs with the confidence and skills to work collaboratively with our teams and services, while recognising the unique expertise that their lived experience provides.

We now have twelve trained EBE quality advisors on QI project teams across the Trust, providing meaningful co-production. We also have our first service user-led QI project planned at Ardenleigh.

## Lived Experience Action Research (LEAR)

LEAR is the Trust's service user and carer research group. Its aim is to be a trusted and highly valued asset regarding research and other matters in the Trust, and is able to advise and challenge when necessary. The group has advised many researchers, and were particularly influential in a successful bid for research into treatment resistant depression. The group co-produced a survey to understand people's experience of our services in the first three months of lockdown, when many services were delivered remotely. LEAR members developed the survey design, formulated the questions, analysed the data, agreed on conclusions and recommendations, and edited the final report.

LEAR members also designed and commenced conducting their own service evaluation of the impact of LEAR on the researchers who attend the group to present their research projects.

## EBE Connectors for Trainee Nursing Associates

The EBE connector project continued to flourish. The project involves training EBEs to work with trainee nursing associates to offer guidance and support from a lived experience perspective.

## EBE involvement in Medical Revalidation

We now have a group of EBEs working on the Medical Revalidation programme. The aim is to strengthen and improve the process, ensuring transparency and an opportunity for EBEs to contribute meaningfully.

## Recovery for All action groups

The three Recovery for All action groups continued to co-deliver the Recovery for All Strategy with EBEs. The systems action group launched the Recovery for All Quality Mark, which was awarded to the new Trust Strategy for effective co-production and a focus on recovery. The communications action group has worked on how to adapt its planned recovery roadshows to be delivered online. The workforce action group has collaborated with human resources on developing a different approach to staff wellbeing and absence management and developed a survey for staff with lived experience.

## Peer support

The Trust continued collaborating with several voluntary and community sector organisations to deliver peer support in Liaison and Diversion, Arden Leigh, the FIRST Team, and perinatal services. This has increased the opportunity for people who use our services to access support from a lived experience perspective, delivered by people who have been through the same services.

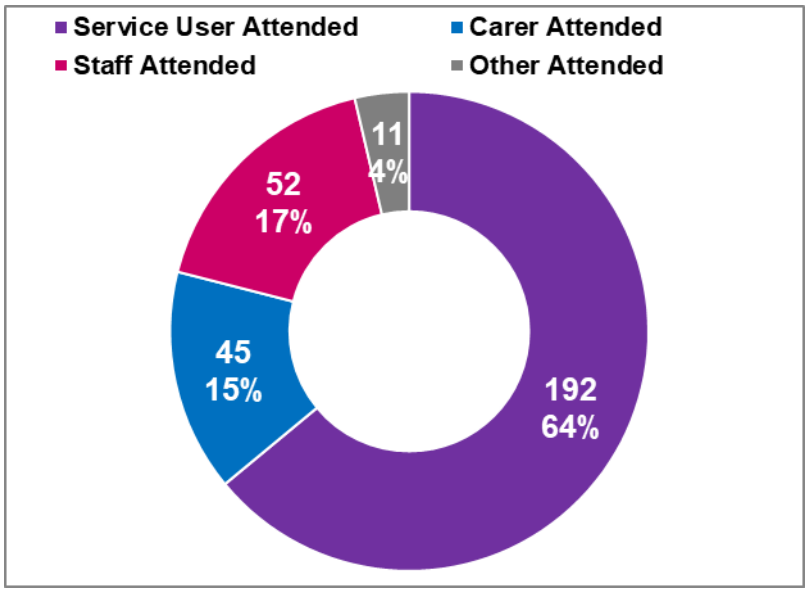
## Recovery College for All

Recovery College for All went digital in May 2020, using the Microsoft Teams platform to run virtual sessions with college learners. Sessions have been adapted to work in a virtual setting, including limiting the class size to six learners, plus two facilitators, which is working well to create safe, supportive learning environments.

We have launched some new Recovery College for All sessions during COVID-19, including Exploring Anxiety, Goal Setting, Understanding Dementia and Using Stories for Conversation. All of the sessions in Recovery College for All has been co-produced by Experts by Experience and experts with professional training.

There were 98 sessions available, consisting of 23 unique sessions repeated throughout the year with some sessions having multiple parts to complete. We had 300 learners attending virtual sessions from May 2020 to March 2021.

***Attendance:***



In November 2020, we introduced ‘Let’s have a conversation’ which is an informal space to come together to connect and talk about a variety of topics, including Finding Hope, Spirituality, Hoarding and What Makes Us Unique.

### Expert by Experience Involvement in Recovery for All

**The Recovery Foundation:** We have developed a partnership with The Recovery Foundation charity and secured facilitator training for the Hope in Recovery group that has been developed by the charity founder, Emma Sithole. We recruited three Experts by Experience to join the Recovery Team on the facilitator training programme and now have 9 fully trained facilitators. We will offer the 7-week Hope in Recovery course as part of our Summer 2021 virtual timetable.

**Podcast development:** We’re launching a podcast! The Recovery for All team applied for funding from the Caring Minds charity to participate in Podcast training. We were successful and were able to offer funded places to 3 Experts by Experience. The training will commence in April 2021 and we have a great co-production team working together to develop a really exciting new venture.

## An award-winning Trust

### Awards and recognition

- In March 2021 Ruth May, the Chief Nursing Officer (CNO) for the NHS in England, presented a number of our nurses with CNO awards. She launched these in 2019 to recognise the outstanding contributions of nurses, with two categories for these awards: Silver awards recognise major contributions to patients and the profession and Gold awards recognise lifetime achievements for nurses and midwives. Our Deputy Director of Nursing, Natalie Willetts; our Head of Safeguarding, Cath Evans; and Zalika Geohaghon, our Senior Infection Prevention and Control Nurse Specialist, received Silver awards. These exceptional nurses have all shown unswerving commitment and compassion to service users, carers and colleagues, particularly during the COVID-19 pandemic. A Gold award was presented to Sue Hartley, our outgoing Executive Director of Nursing who retired at the end of March after a 40-year nursing career.

- Two programmes involving our Trust were shortlisted in the HSJ Value Awards in March 2021 and are awaiting the awards ceremony in June. The Birmingham and Solihull Partnership Trainee Nursing Associates – Expert by Experience Connector project has been shortlisted in the Pilot Project of the Year category. The Expert by Experience Connector project enables Trainee Nursing Associates (TNAs) to develop their understanding of person-centred care. The Trainee Nursing Associates Partnership involves five trusts in Birmingham and Solihull – our Trust, University Hospitals Birmingham, the Royal Orthopaedic Hospital, Birmingham Women’s and Children’s and Birmingham Community Healthcare. The West Midlands Adult Eating Disorders Provider Collaborative has been shortlisted in the Value of the Year Award category. Through working together, the partners in the collaborative have improved the quality and consistency of service, including reducing the distance many patients need to travel to receive care.

- The Birmingham Older People's Programme, which our Older Adults service is part of, were finalists in the HSJ Awards in the Health and Local Government Partnership category.

- In March our Senior Equality, Diversity and Inclusion Lead, Bina Saini, was nominated for the Most Innovative #FREDIE Initiative of the Year Award 2021. This stands for FREDIE: Fairness, Respect, Equality, Diversity, Inclusion and Engagement and the awards are run by the National Centre for Diversity. This was in recognition of her work on introducing Inclusion Advisors into the Trust. The virtual awards ceremony takes place in May 2021.

# 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 aim to earn customer respect and maintain engagement through continuous improvement, driven by integrity, innovation, and efficiency.

With expert knowledge and demonstrated results, we will achieve exceptional operating performance and shape the future of where you work and how you deliver care across allied health services.

## 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 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 for the parent, Birmingham and Solihull Mental Health NHS Foundation Trust. The company also provides transport and portering services, capital, and project management, PFI management and consultancy and a business monitoring, performance, 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.

The subsidiary operated its nineth full year of trading between 1 April 2020 and 31 March 2021. 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 service and facilities management services to deliver a fully managed lease to the Trust. In addition, the company provides an extensive contract management service which covers 17 clinical sites including nine PFI owned and operated sites. During the year, the company expanded its portfolio of services to include a range of transport services, capital and project management, as well as a monitoring, performance and reporting service. In addition, we developed and implemented a dedicated Personal Protection Equipment (PPE) warehouse and distribution service for the Trust. We provided a pick, pack and despatch service which operates daily and delivers across Birmingham to all Trust sites.

The company also derives revenue from dispensing drugs which is entirely due from the parent 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 expanded its consultancy services to provide expert consultancy services to Birmingham and Solihull Strategic Transformation Partnership and Birmingham Clinical Commissioning Group.

The company worked with Birmingham Clinical Commissioning Group to developed and commissioned four RED CARE sites across Birmingham which provided additional emergency care capacity during the COVID-19 pandemic. The company also sourced and operated four mobile clinics for Birmingham CCG, which initially provided a mobile solution to deliver the Flu vaccine but was later recommissioned to provide COVID-19 vaccine clinics to target more vulnerable and harder to reach patient groups. In addition, the company supported and implemented additional clinical space for 18 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 2020-2025 is to develop new business services and expand existing services within its parent NHS Trust, as well as expanding services to external NHS trusts and other companies over the next five years.

# Key partnerships and alliances

## Development of Integrated Care Systems (ICS)

An Integrated Care System (ICS) is a partnership bringing together providers and commissioners of all NHS services across a geographical area with local authorities and other local partners, making shared decisions about how to use resources and design services in a way that improves the health of the local population and reduces inequalities between different groups. This is a fundamental shift in the way health and care is organised, with a focus on collaboration between organisations.

In Birmingham and Solihull the Trust is a key partner and stakeholder in the development of the Birmingham and Solihull ICS and will be 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. In August 2020 the Boards of our Trust, Birmingham and Solihull CCG and Birmingham Women's and Children's NHS Foundation Trust agreed to work together to scope what an integrated care partnership/provider collaborative approach for mental health services across Birmingham and Solihull would look like, within the principles of the ICS. This is driven by our primary aim to improve services and pathways for our patients, with a model that will help us to manage demand, improve safety and clinical outcomes, and ensure that we can provide sustainable services.

We also provide mental health services in West Birmingham which is currently part of the Black Country and West Birmingham ICS. We are a partner in the Perry Barr and Ladywood (West Birmingham) Integrated Care Partnership which came together in 2020. Priorities for mental health will include development of integrated neighbourhood teams aligned to Primary Care Networks, the new Midlands Metropolitan Hospital development, older people's integrated pathways and reducing inequalities.

## Provider collaboratives

The Trust is a core partner in three Provider Collaboratives in the West Midlands:

**Adult Secure Care** – Reach Out consists of three providers Birmingham and Solihull Mental Health NHS Foundation Trust (lead provider), Midlands Partnership NHS Foundation Trust and St Andrew's Healthcare. 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** – The partnership consists of Birmingham Women's and Children's NHS Foundation Trust (lead provider), our Trust, North Staffordshire Combined Healthcare NHS

Trust, Black Country Healthcare NHS Foundation Trust and Schoen Clinic. 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 already 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.

# Financial performance

## Summary financial accounts

This section provides a commentary on our group financial performance for the financial year 2020/21. It provides an overview of our income, expenditure, cash flows and capital expenditure in the year.

The month 12 2020/21 consolidated group position is a deficit of £1.7m. This is £1.4m better than the phase 3 financial projection, submitted to NHSEI on 22/10/20.

The month 12 position is £0.7m adverse to the £1m deficit forecast reported to NHSEI in the month 11 financial return. This is mainly attributable to additional year end provisions for pay and dilapidations, partly offset by additional income including funding for annual leave accrual £1.4m.

## 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.

As a result of the COVID-19 pandemic, a simplified financial regime was introduced for 2020/21. For the first half year, the Trust received a guaranteed block income from

commissioners (paid in advance to aid cash flow). This was calculated using 2019/20-month 9 agreement of balances, uplifted for inflation (with no efficiency factor applied). Where this income was not sufficient to cover the underlying cost base, additional central top up payments were made along with retrospective allocations to cover COVID-19 expenditure, this resulted in a break- even position for the first six months of the year.

Financial arrangements for the second half of 2020/21 were based on fixed system funding envelopes. Block income arrangements continued. The break- even top up mechanism and retrospective COVID-19 allocations were replaced by a system funding allocation from month 7. A phase 3 planning process was undertaken across the BSOL STP to revise financial plans for months 7 to 12, the system funding allocations for growth, top up and COVID-19 were allocated to partners by mutual agreement. The group phase 3 financial projection was a £3.1m deficit for 2020/21.

Our year end position is an operational income and expenditure deficit of £1.7m before taking into account any exceptional items, compared to a phase 3 financial projection before exceptional items of a £3.1m deficit. The group shows a deficit of £1.8m including exceptional items, as a result of £0.034m impairment on asset valuation. The outturn position was £1.4m better than the phase 3 financial projection, mainly due to additional income allocations received in the latter part of the year.

***Table 1: Consolidated financial performance 2020/21 and 2019/20***

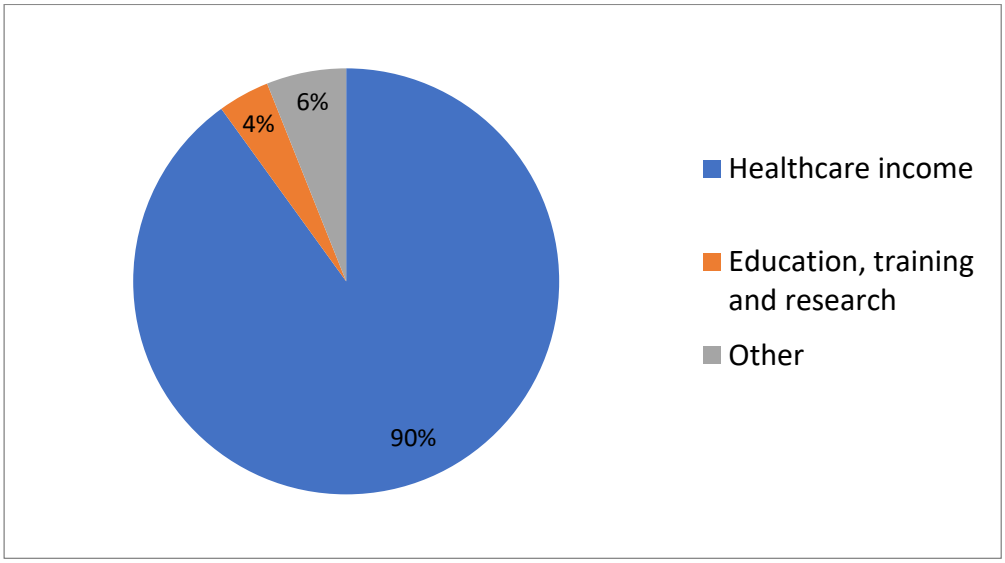
| | 2020-21 | 2019-20 |
|---|---|---|
| **Income from activities** | **247,451** | **235,719** |
| Other operating income | 53,604 | 27,476 |
| Total income | 301,055 | 263,195 |
| Operating expenses | (288,250) | (252,443) |
| EBITDA | 12,805 | 10,752 |
| Capital financing costs | (14,226) | (15,299) |
| Revaluation/(impairments) | (34) | (1,911) |
| Profit/(loss) on asset disposal | 0 | 0 |
| Corporation Tax | (306) | (301) |
| **Surplus/(deficit) including exceptional items** | **(1,761)** | **(6,759)** |
| | | |
| Exceptional items: | | |
| (impairments)/Revaluation | 34 | 1,911 |
| Costs of exceptional restructuring | 0 | 0 |
| **Operating surplus/(deficit) excluding exceptional items** | **(1,727)** | **(4,848)** |
| | | |
| Control Total Basis: | | |
| Profit/(loss) on asset disposal | 0 | 0 |
| (impairments)/Revaluation | 34 | 1,911 |
| **Operating surplus/(deficit) on control total basis** | **(1,727)** | **(4,848)** |
| | | |
| Operating surplus margin | -0.57% | -1.84% |
| EBITDA margin | 4.25% | 4.09% |

## Income

In the financial year 2020/21 the group generated income of £301m. In response to the COVID-19 pandemic, for the whole of 2020/21, a simplified financial regime was implemented, resulting in the majority of healthcare income being received on a guaranteed block basis. This was calculated using 2019/20 month 9 agreement of balances, uplifted for inflation (with no efficiency factor applied). Additional income top-up allocations were received in the first half year to guarantee a break-even financial position. For the second half year, the BSOL system allocations for top up, COVID-19 and growth were apportioned to partners by mutual agreement.

The chart below shows a breakdown of our income. Most of our income (90%) 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 Trust's 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.

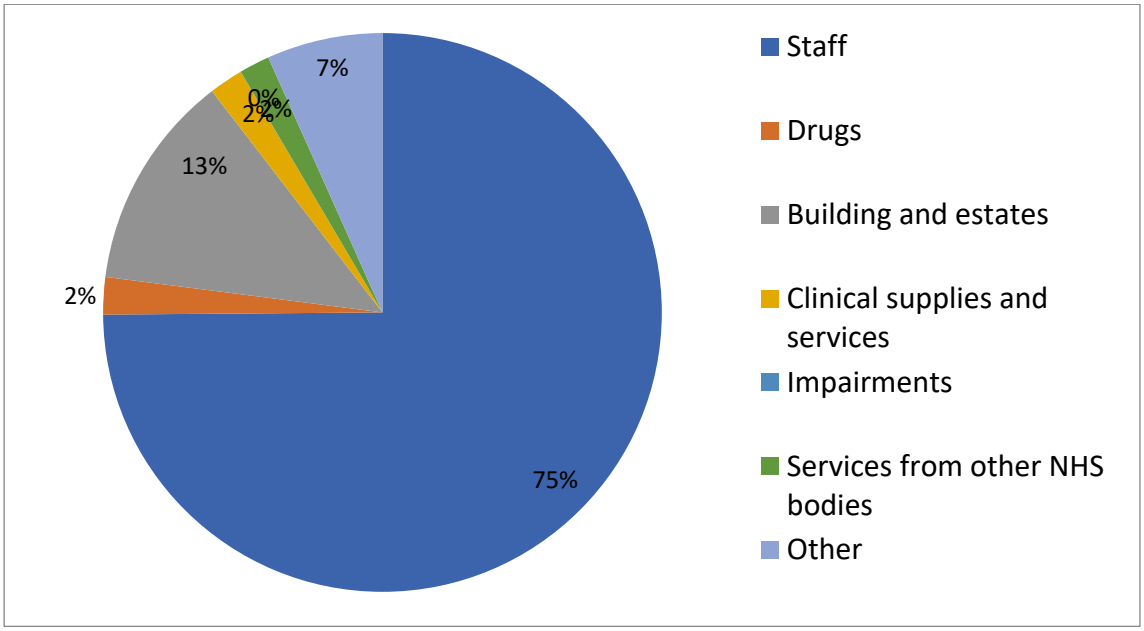
***Figure 1: Where BSMHFT's income comes from – 2020/21***




## Expenditure

The chart shows that our staff are our most valuable and significant part of our expenditure. However, we also operate from over 40 sites across Birmingham and Solihull and so the cost of our estate is also a significant proportion of our overall spend. We have reduced our expenditure in year, but further work is still needed to fully realise all savings and some plans have been carried forward to 2021/22.

***Figure 2: What expenditure was incurred by BSMHFT – 2020/21***




## Cash flow

At the end of the financial year we have a cash balance of £29.0m. 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

We invested £8.701m in our assets in 2020/21. This is comprised of £5.374m in our IT infrastructure and new ways of working, £1.367m in backlog maintenance and ensuring our buildings complied with statutory standards and £1.960m in other projects to modernise our estate and ensure it is fit for purpose. £3.8m of the 2020/21 capital expenditure was funded by external sources including Critical Infrastructure Risk funding, Health Service Lead Investment (HSLI) in provider digitisation programme and Local Health and Care Record programme funding.

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 £0.034m and an overall Reversal of impairments charged to the revaluation reserve of £2.834m. This exercise does not have an impact on our cash and ensures that the true value of the Trust's assets are 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 (previous years Auditors were PricewaterhouseCoopers LLP (PwC)). The audit fee for the year ended 31 March 2021 was £52.1k (2019/20: £42.3k) for the Trust's annual report and accounts, £0k (2019/20: £0k) for the Trust's quality accounts (due to the changes in the requirements re COVID-19) and £12.1k (2019/20: £8.0k, plus £10k one-off payment to cover the SSL Transaction) for Summerhill Services Limited, totalling £64.2k (£64.3k for the year ended 31 March 2020) 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/negotiating any changes/contract/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% 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***

| | 2020/21 Number | 2020/21 £'000 | 2019/20 Number | 2019/20 £'000 |
|---|---|---|---|---|
| Total NHS invoices paid in the period | 622 | 15,930 | 579 | 10,242 |
| Total NHS invoices paid within target | 614 | 15,899 | 565 | 10,190 |
| Percentage of NHS invoices paid within target | 98.7% | 99.8% | 97.6% | 99.5% |
| Total non-NHS invoices paid in the period* | 38,132 | 106,980 | 40,537 | 98,768 |
| Total non-NHS invoices paid within target | 36,606 | 105,751 | 38,787 | 97,111 |
| Percentage of non-NHS invoices paid within target | 96.0% | 98.9% | 95.7% | 98.3% |

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 are considered to be low.

## Looking forward

Looking forward to 2021/22, the challenging financial times will continue although the requirements involved in dealing with the coronavirus pandemic have made this difficult to quantify. The Trust has been notified, along with all other NHS foundation trusts, of planning guidance for the first half of 2021/22. Systems have been allocated a set of financial envelopes for the six-month period of 1 April to 30 September 2021. There is an expectation that systems achieve a breakeven position within these envelopes. The envelopes have been generated by reference to the system funding envelopes for the second half of 2020/21 and actual financial performance in quarter 3 of 2020/21.

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.

To find out more, contact one of the Trust's LCFS contact: Beric Dawson, Counter Fraud Specialist, TIAA. Telephone: 07580163541. Email: beric.dawson@tiaa.co.uk or beric.dawson@nhs.net.

### 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

Since the inspection visit, the Trust has put in place actions to address the areas of concern raised with us through direct post-inspection feedback or via the CQC's comprehensive draft report for factual accuracy.

While the report necessarily concentrates on areas that require improvement, it is important that you are also aware that the inspectors reported finding a number of areas of good and outstanding practices. These very much reflect the many positive comments we receive from patients and their families every day.

The Trust is assuring patients, staff, and local stakeholders that the hospital is taken the outcome of the report very seriously. The Trust has already made some changes to the systems and is working hard to strengthen them further. The follow up inspection with the CQC was scheduled for April 2020, however, with the current Coronavirus pandemic, this will now be rescheduled to later in the year.

Health Act inspections across appropriate services within the organisation during 2020/2021. 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

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.

The Mental health resilience, Music, The Commonwealth and Windrush digital session focussed on Black resilience and wellbeing discussing the ability to bounce back and carry on and how culture, music and a sense of community have set foundations for communities.

In December 2020 renowned athlete Kevin Brown successfully attempted a world record challenge to heighten awareness of mental health in partnership with BSMHFT.

Kevin, a two times Commonwealth Games finalist, 17 times gold medallist West Midlands champion, 20 times British champion and four times World Masters champion pulled a two-tonne vehicle 100 metres in under 1 minute 30 seconds beating the world record.

Kevin was joined by close friend and fellow colleague John Hendon a double amputee, John attempted and succeeded in a similar strength and endurance challenge, both highlighting the importance of positive mental health and that the body can achieve what the mind believes.

Kevin and John were supported by a small number of family and close friends, with social distancing and COVID-19 guidelines fully respected.

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. Examples of this work include:

Appearing in and promoting a video highlighting key messages to communities regarding COVID-19 Acute hospital admissions and end of life concerns – in partnership with Birmingham University Hospitals, community group Support Muslim Business Forum, and Birmingham Muslim Burial Council.

Spoken as panellists on local and national webinars on Mental Health and COVID, as well as webinars on Mental Health and Race since the BLM protests, partnering with a range of stakeholders from the private, public and third sector, including Sharing Voices, City Network, NHS Improvement.

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 2020/21

This report is owned by and 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 regardless of tenure. This report does, as always, include performance data for the financial year (in this case 20/21) along with a comparison against previous years.

The COVID-19 pandemic has had significant impact on wider sustainability issues and has potentially and financially set many initiatives back several years. It has also however challenged very significantly the way in which businesses operate and the need for change, indeed for many homeworking has become the norm.

For the Trust for example our ICT Department have helped with technology to make home working or a mixture of home and office working a viable and achievable option. Indeed, many corporate and back-office functions have very successfully been delivered in such a way.

The Trust HQ at B1 for example B1 (which is a leased site) has only had a very small fraction of the staff working within it during the last 12 months yet teams like Finance and HR have still functioned effectively. Clearly lessons are and will need to be learnt and plans developed by the Trust re its desk-based functions and the opportunities as they arise to determine lease(s) accordingly.

## Carbon Net Zero

Many will no doubt have heard of the NHS commitment to be Carbon Net Zero by 2040 with interim targets at 2030. 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 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. Hence a regional STP linked approach to for example heat decarbonisation.

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. SSL on behalf of the Trust are developing an Action plan that will help to address some of the very many challenges and modal shift that a net zero commitment will inevitably lead to, this will include for instance:

- Greening the fleet – Moving to an all-electric fleet and potentially providing access for staff/public electric vehicle charging points.
- Decarbonizing the heat supply – Removing the need for natural gas use and instead making use of newer technologies such as air source heat pumps (where the electricity is already from decarbonised sources)
- Developing the Trust Estate Including the new Highcroft and Reaside projects (for example) to be low carbon, energy efficient (with onsite renewable energy and low/zero carbon heat) and exemplars of best practice in terms of resource efficiency.
- Procuring – Controlling what is procured and making the best and most informed decisions. Putting carbon ahead of cost!

## Clean Air Zone (CAZ)

The CAZ is due to commence in summer 2021 in Birmingham. This targeting older/more generically higher polluting vehicles and drivers by imposing a daily levy to enter into or pass through the designated zone within the city centre. For the Trust and its patients, staff and contractors this will have an impact not only on its future use of the Trust Headquarters (which is located with the zone) but also its wider services as any travel within the Trust estate could/will be affected by the zone, its levy and the potential additional congestion that could be created as traffic tries to avoid the charging zone.

Again, a significant challenge to the Trust.

## Performance Analysis – Carbon Management

Performance against core Sustainability components during the 2020/21 (despite the pandemic) has again been strong with a cumulative 20% decrease in $CO_2$ equivalent being recorded against our own baseline of 2007/08.

A breakdown of $CO_2$ 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 |
| 2016/17 | 9,812 | 828 | 9 | 10,654 |
| 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 (data not available) | 0 | 9,984 |

The 34% $CO_2$ equivalent reduction target that the NHS had been working to for 2020 has been achieved. However as detailed earlier in this short report the impact of the Carbon Net Zero targets will challenge the NHS and wider Public Healthcare systems over the coming years. A very real challenge given Capital funding and the too be quantified significant investment needed.

## Waste management (domestic, clinical, electrical and confidential)

Waste costs have increased significantly in 2020/21 (mainly due to increased clinical waste costs). This is not however surprising given the impact of COVID-19 on patient services, on our staff and the large quantities of PPE now being used by all staff within the Trust. The Governments message and the strategies being considered at Trusts including BSMHFT pre pandemic included less reliance on single use items and instead was challenging Trusts to use alternative products where possible that could be re-used and thus reduce waste. 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.

The robust contracts negotiated and managed by SSL on behalf of the Trust have however helped to support the Trust through the pandemic with a service provision that has enabled waste to still be managed safely and compliantly and also mitigate the financial impact that would be associated with such increased volumes.

With the new contract in place with Veolia for domestic waste and Tradebe for healthcare waste the Trust in 20/21 was able to divert all (100%) of its waste from landfill with its waste either being recycled or by having it disposed of via an energy recovery facility. A significant achievement.

| Waste | Non-financial 2019/20 | Non-financial 2020/21 |
|---|---|---|
| Total waste arising | 990 tonnes | 820 tonnes |
| Waste sent to landfill | 25 tonnes | 0 tonnes |
| Waste recycled | 599 tonnes | 125 tonnes |
| % of waste recycled/recovery | 98% | 100% |
| Waste incinerated (waste to energy) | 366 tonnes | 695 tonnes |

| | Financial data 2019/20 | Financial data 2020/21 |
|---|---|---|
| Total expenditure on waste disposal | £173,098 | £215,837 |

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 clinical/offensive waste volumes will reduce to pre COVID-19 levels.

## Finite resources (electricity, gas and water)

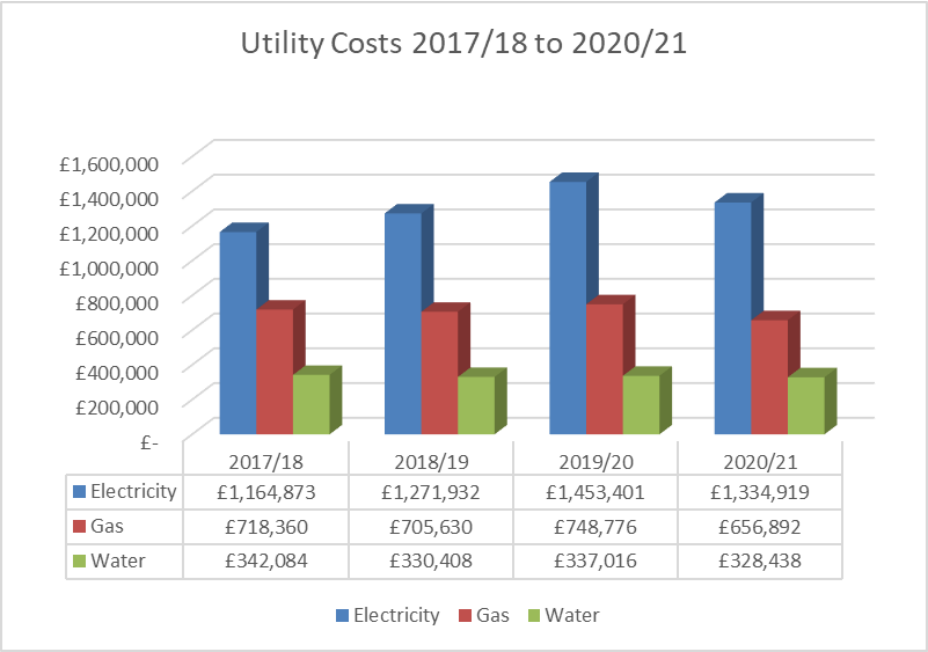
Notwithstanding the impact or the COVID-19 pandemic across the estate during 2020/21 the supporting graphs below/overleaf demonstrate how: -

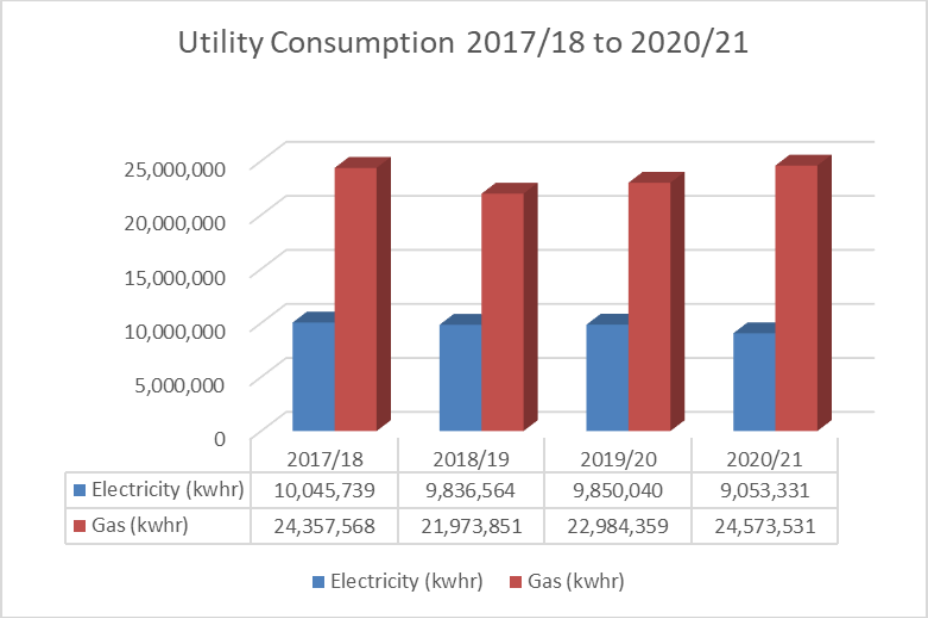
### Gas consumption and costs

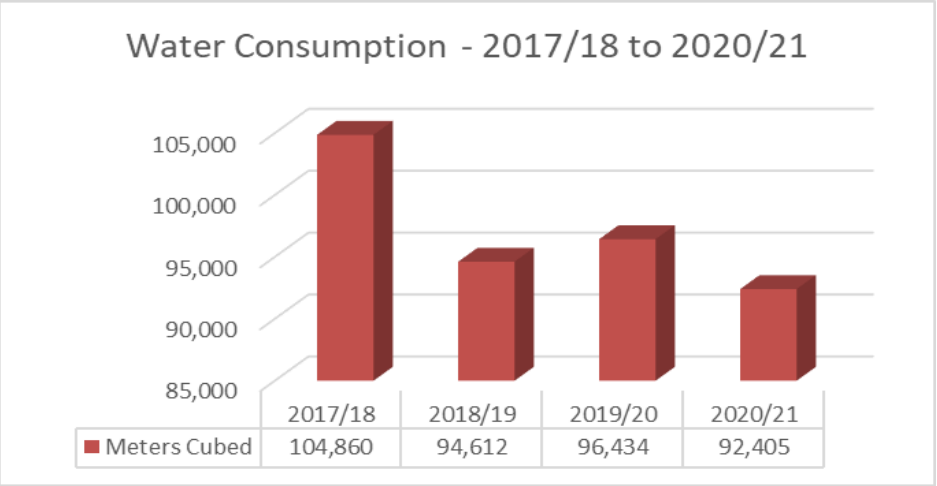
- Gas consumption in 2020/21 was 6% higher than in 2019/20.
- Degree day data being consistent with previous years. Consumption is volatile and for instance during winter 2020/21 some of our sites had windows open to encourage fresh air whilst at the same time calling for more heating.
- The consumption of the temporary boilers being used at our Reaside site (whilst plans are considered for re-development) will also be reviewed.
- Financially this represents expenditure of £656K a reduction of circa 10% against 2019/20. This being mainly reflective of an overconsumption correction against 2019/20 cost base and strong and competitive flexible tariffs.

### Electricity consumption and costs

- Electricity consumption in 2020/21 was circa 8% lower than that in 2019/20.
- This being attributable to previous investment in energy saving fittings/technology and some staff home working, reducing consumption associated with for example ICT equipment.
- Over 50% of the electricity purchased being supplied via green energy solutions.
- Financially the electricity expenditure in 2020/21 of £1.33 million being an 8% decrease on 2019/20.


Utility Costs 2017/18 to 2020/21
£1,600,000
£1,400,000
£1,200,000
£1,000,000
£800,000
£600,000
£400,000
£200,000
£-
2017/18 2018/19 2019/20 2020/21
Electricity £1,164,873 £1,271,932 £1,453,401 £1,334,919
Gas £718,360 £705,630 £748,776 £656,892
Water £342,084 £330,408 £337,016 £328,438
Electricity Gas Water


Utility Consumption 2017/18 to 2020/21
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
0
2017/18 2018/19 2019/20 2020/21
Electricity (kwhr) 10,045,739 9,836,564 9,850,040 9,053,331
Gas (kwhr) 24,357,568 21,973,851 22,984,359 24,573,531
Electricity (kwhr) Gas (kwhr)


Water Consumption - 2017/18 to 2020/21
105,000
100,000
95,000
90,000
85,000
2017/18 2018/19 2019/20 2020/21
Meters Cubed 104,860 94,612 96,434 92,405

## Energy procurement

A joint meeting was held in January 2020 between Crown Commercial Services, BSMHFT Procurement and SSL Management to consider options for BSMHFT re energy procurement. The recommendations which are being reported in full by Trust procurement are:

- To continue to procure utilities via Crown Commercial Services frameworks as it was clear that costs and services were as a minimum competitive with the open markets.
- To look to move the Half Hourly electricity supply and Gas supply onto longer locked contracts so as to benefit from greater flexibility in procurement (i.e. the ability to buy energy over a 30 month window, trading when oil is at a low and buying nothing when high). Such measures to be communicated, Business cased and hopefully actioned jointly by Trust procurement and SSL management.

*NB: Workstream delayed due to COVID-19 and resource availability.*

It should be noted although oil prices may fluctuate both upwards and downwards that the non-energy costs associated with gas and electricity are only set to rise year on year. In the final delivered price for electricity the non-energy cost makes up 65% of the final bill, for gas it is circa a 50%/50% split. Thus, even with a drop in oil prices it could still lead to a net price increase given the ever-rising non-energy costs.

Thus, predicting and planning for year on year increases in the final delivered energy cost is the only prudent way to manage this commodity.

## Priorities and achievements – a game changer

As alluded to earlier in this report, the COVID-19 pandemic has actually showed some businesses and industries, as well as many sectors of the economy how it can and will need to work differently in the future. Whilst many measures are perhaps too drastic at present, some examples of how our Trust has temporarily changed and how these may be translated into opportunities are listed (in no particular order) below.

- Home working and meetings – Many said it would not work for the masses…but services are continuing, corporate teams are still paying bills, maintaining data and governance and recruiting staff and yet corporate sites have been virtually empty for months. Meetings are taking place via Microsoft Teams without people travelling, communication is happening and is controlled and in ‘real time’.

- From a sustainability perspective this means:
    - less trips commuting to and from the workplace…indeed in the current climate the congestion charging zones would not be needed as air quality in cities is better now than it has been for many years. Staff able to work from home are also not spending valuable portions of their day travelling.
    - needing less desks in offices, means less sites potentially needed, massive financial savings potential
    - environmentally less travel, less fuel, less sites and less reliance on fossil fuels, making use of the technology that is available.

- Patient engagement – has, as already endorsed by our Chief Executive Officer in Listen Up Live, been enhanced by embracing technology. We have improved the ability to engage and provide care differently by through technology. This will not only enhance our services but also deliver environmental efficiencies and carbon reduction, for example through reducing the need to travel and the reliance on the car.

- Many staff do not have printers at home and are not therefore able to print – yet services continue.
    - Reducing printer reliance, reduced paper procurement, reduced energy consumption, reduced waste.

- Nursing teams, other front-line Service teams, medical teams and back-office teams/corporate teams are arguably working better together and more joined up than ever before. In a time of crisis, for many, the team spirit and morale may be healthier than it has ever been!
    - Question to ponder: Are sickness levels (%s) lower than ever before if pandemic related sickness is removed?

Finally, if the Trust can or will learn anything else from this pandemic it will be to have a better understanding of:

- What it does not need to do
- What it must do, The real priorities
- What the customer expects, wants, and needs
- What to do more of, how to learn, grow and expand and be the provider of choice.

Making the organisation ‘leaner/fitter’ and removing ‘wastage’ in its widest sense will in time make the Trust more sustainable and more environmentally efficient.

The Trust continues to recognise that sustainability is not a project, and has no end, rather that it is integral to and impacts on all Trust activities, its day-to-day business, and the quality and cost of services.

# 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**
**14 June 2021**

# Directors' report

## 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.

## 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 2020/21 were directors of the Trust.

### Sue Davis CBE, Chair (until November 2020)

Sue Davis CBE was appointed Chair in November 2011, having previously served in the same role at Sandwell and West Birmingham Hospitals NHS Trust from June 2006. Sue has extensive experience in the governance of public bodies, beginning in 1981 at Shropshire County Council. She spent 26 years as an elected councillor, including four years as County Council Leader, and for 10 years represented UK local government at the Congress of Local Authorities at the Council of Europe. She has worked on regeneration bodies, and on the regulatory body for UK Civil Tribunals, and served a term as Chair of a national charity. Her service in the health sector has included membership of a Health Authority, and chairing Telford PCT for its first four years. Between 2013 and 2018, Sue represented mental health trusts on the Board of NHS Providers, where she was Vice Chair. Sue also serves as Independent Chair of the Audit Committee at West Midlands Police and is a member of the Chapter of Birmingham Cathedral.

### Danielle Oum, Chair (appointed December 2020)

Danielle Oum, who lives in Birmingham, has extensive chair and non-executive experience. She joined 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 and 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.

## Sue Hartley, Executive Director of Nursing (Until March 2021)

Sue Hartley joined the Trust as Executive Director of Nursing on 31 March 2014 and was previously Director of Nursing at Walsall Healthcare NHS Trust. She has a strong background in nursing, performance management and service redesign. She is a registered nurse and trained in Birmingham at the Queen Elizabeth Hospital. Sue has held various nursing and management posts and has worked in several senior management positions including Deputy Head of Performance at the West Midlands Strategic Health Authority.

## 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) (appointed March 2021)

Sarah Bloomfield 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 focussing 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 Charitable Funds 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 Trust's Audit Committee.*

## Waheed Saleem, Non-Executive Director

Waheed Saleem is a non-executive director and is a management consultant working in the public and voluntary sectors. His background includes working at director level in several strategic roles in the NHS, most recently as a PCT Locality Commissioning Director in Birmingham. In addition to this NHS experience, he also holds chair and non-executive director positions at several major national and regional public and voluntary organisations. Waheed has led significant regeneration programmes, advised the government on neighbourhood renewal policy and community development, and was instrumental in developing leadership programmes for young people and mentors in inner city schools. *Waheed is Chair of the Integrated Governance Committee and the Senior Independent Director*.

## Joy Warmington, Non-Executive Director (Vice Chair)

Joy Warmington is a Non-Executive Director of the Trust and Chair of the Integrated Quality Committee. She is also CEO of BRAP, successfully guiding the organisation to its cutting-edge position where it is nationally recognised for producing innovative equalities and human rights research and strategies. A former lecturer with an MSc in Organisational Development and Management Learning, Joy has written and co-authored over 20 books, articles, and reports on subjects as diverse as implementing organisational change, improving public sector engagement practice, and using human rights to improve service delivery. In addition to advising the Department of Health on health inequalities. Joy is regularly asked to comment on equalities issues in the media, most recently appearing in the Economist, Daily Telegraph, and Health Service Journal in addition to numerous appearances on BBC radio and television. *Joy is Vice Chair of the Trust and is Chair of the People 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 Mental Health Legislation 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 a non-executive director to replace a non-executive director who left the Trust and a new Executive Director.

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 2020/21 and due to the COVID-19 pandemic, all the meetings were held via video link.

| Name | Title | Attendance |
|---|---|---|
| Susan Davis | Chair (until November 2020) | 7/7 |
| Danielle Oum | Chair (from December 2021) | 3/3 |
| Joy Warmington | Non-Executive Director/Vice Chair | 10/11 |
| Waheed Saleem | Non-Executive Director/Senior Independent Director | 11/11 |
| Linda Cullen | Non-Executive Director | 11/11 |
| Philip Gayle | Non-Executive Director | 10/11 |
| Russell Beale | Non-Executive Director | 11/11 |
| Gianjeet Hunjan | Non-Executive Director | 11/11 |
| Roísìn Fallon-Williams | Chief Executive | 11/11 |
| David Tomlinson | Executive Director of Finance | 10/11 |
| Vanessa Devlin | Executive Director of Operations | 10/11 |
| Susan Hartley | Executive Director of Nursing *(until March 2021)* | 10/10 |
| Sarah Bloomfield | Interim Executive Director of Quality and Safety (Chief Nurse) | 1/1 |
| Hilary Grant | Executive Medical Director | 10/11 |
| Patrick Nyarumbu | Executive Director of Strategy, People and Partnerships *(from November 2020)* | 4/4 |
| Susan Young | Interim Executive Director of Strategy, People and Partnerships *(from March 2020 to November 2020)* | 6/6 |

***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 2020/21, the Remuneration Committee appointed Patrick Nyarumbu as the Director of Strategy, People and Partnerships in November 2020.

In November 2020 the Susan Davis completed her full term as Chair. The Nomination and Remuneration Committee appointed Danielle Oum in her place.

## 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, Linda Cullen and Phil Gayle. The Committee met 5 times in 2020/21.

| Member | May 2020 | June 2020 | July 2020 | November 2020 | Jan 2021 |
|---|---|---|---|---|---|
| Gianjeet Hunjan | ✓ | ✓ | ✓ | ✓ | ✓ |
| Philip Gayle | ✓ | A | A | ✓ | ✓ |
| Waheed Saleem | ✓ | ✓ | ✓ | ✓ | ✓ |
| Linda Cullen | ✓ | ✓ | ✓ | ✓ | ✓ |

***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 on-going compliance. The Audit Committee met on the 22 July 2020 to consider the financial statements for the period 2020/21 and as part of the annual review cycle considered the issues raised by the auditors in relation to the financial statements, operations and compliance.

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 2020/21 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. The Lead Governor during 2020/21 was Service User Governor, Faheem Uddin.

## 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 2020/21, 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 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 2020/21, 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

In May 2020 the Council of Governors agreed to the proposals to amend the boundaries of the constituencies. This was carried out due to a concern that the spread of Governors within Birmingham was disproportionate, and since members cover the whole city, it does not allow any ownership for good engagement with constituents.

The changes were presented and ratified at the 2020 AGM in September. Elections for all posts were held in November 2020.

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** |
| Khalid Ali | Birmingham | November 2014 | November 2020 (served the full terms of office) |
| Robert Dalziel | Birmingham | November 2014 | November 2020 (did not stand for re-election in November 2020) |
| Philip Jones | Birmingham | November 2014 | November 2020 (did not stand for re-election in November 2020) |
| 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 |
| Vacancy | East, North Birmingham and Black Country Boroughs | | |
| Vacancy | Rest of England and Wales | | |

| 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 |
| Janet Rhodes | East, North Birmingham and Black Country Boroughs | November 2020 | November 2023 |
| Vacancy | Solihull, Coventry and Warwickshire | | |
| **Carer governors** | | | |
| Maureen Johnson | Solihull, Coventry and Warwickshire | May 2013 | March 2023 |
| Anthony Brookes | Carer | January 2015 | March 2022 (did not stand for re-election in November 2020) |
| Natasha Day | Carer | March 2019 | March 2022 (did not stand for re-election in November 2020) |
| Vacancy | South Birmingham and Worcestershire | | |
| 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 |
| Maureen Smojkis | University of Birmingham | November 2011 | November 2020 (resigned in November 2020) |
| Cllr Mick Brown | Birmingham City Council | September 2013 | September 2023 |
| Cllr Ken Meeson | Solihull Council | September 2019 | September 2022 |
| Natalie Allen | Council for Voluntary Services | November 2016 | November 2022 (resigned November 2020) |
| Vacancy | West Midlands Police | | |
| 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 2020 – 31 March 2021

| Name | May 2020 | July 2020 | Sept 2020 | Nov 2020 | Jan 2021 | Total |
|---|---|---|---|---|---|---|
| Sue Davis | ✓ | ✓ | ✓ | ✓ | - | 4 |
| Danielle Oum | ~ | ~ | ~ | ~ | ✓ | 1 |
| Faheem Uddin | ✓ | ✓ | ✓ | ✓ | ✓ | 5 |
| Maureen Johnson | ✓ | ✓ | ✓ | ✓ | ✓ | 5 |
| Peter Brown | ✓ | ✓ | A | ✓ | ~ | 3 |
| John Kennedy | ✓ | ✓ | ✓ | ✓ | ✓ | 5 |
| Cllr Michael Brown | A | ✓ | A | A | ✓ | 2 |
| Anthony Brookes | ✓ | A | ✓ | ✓ | ~ | 3 |
| Natasha Day | ✓ | A | ✓ | ✓ | ~ | 3 |
| Mustak Mirza | ✓ | ✓ | ✓ | ✓ | ✓ | 4 |
| John Travers | ✓ | ✓ | ✓ | A | ✓ | 4 |
| Hazel Kench | ✓ | A | ✓ | ✓ | ✓ | 3 |
| Khalid Ali | ✓ | N | ✓ | N | ~ | 2 |
| Philip Jones | N | ✓ | ✓ | ✓ | ~ | 3 |
| Jim Chapman | N | A | A | A | ✓ | 1 |
| Maureen Smojkis | A | A | ✓ | ✓ | ~ | 2 |
| Natalie Allen | N | N | A | ✓ | ~ | 1 |
| Cllr Ken Meeson | ✓ | ✓ | ✓ | ✓ | ✓ | 5 |
| Nigel Davies | A | N | ✓ | N | ✓ | 2 |
| Renu Marley | ~ | ~ | ~ | ~ | ✓ | 1 |
| Junaid Shaikh | ~ | ~ | ~ | ~ | ✓ | 1 |
| Rohan Manghra | ~ | ~ | ~ | ~ | ✓ | 1 |
| Janet Rhodes | ~ | ~ | ~ | ~ | ✓ | 1 |
| Stephanie Bloxham | ~ | ~ | ~ | ~ | ✓ | 1 |
| Dr Maria Michail | ~ | ~ | ~ | ~ | ✓ | 1 |

✓ *Attended Meeting*
A *Apologies*
– *No longer a Council Governor*
N *Non-attendance*
O *Attended the National Governance Conference*
M *Maternity Leave*
~ *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 a report on 2016 market testing of the remuneration levels for the Chair and Non-Executive Directors during the month of January 2017 for information and understanding.

During the period August–November 2020 the Nomination and Remuneration Group were involved in the appointment of the new Chair. The work undertaken by the Group resulted in the appointment of Danielle Oum.

The Nomination and Remuneration group met on 5 occasions during 2020/21 in May, July, September, and November 2020. It also met in January 2021.

### 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 2021, the membership stood at 12,462 overall (6,362 public,1,384 patient and carers and 4,716 staff). This compares with an overall figure of 12,475 as at the end of March 2020.

### Membership strategy

Ensuring an effective membership is therefore a key governance issue which requires a clear and coherent strategy. Our strategy sets out BSMHFT's strategy in relation to Trust membership. It was developed in line with the Trust's constitution and in close consultation with BSMHFT's Governors and members. The strategy explains what the Trust aims to achieve through its investment in its membership scheme, articulates key areas of focus for the strategy, and describes the core resources that will be required to support this work.

## 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.
- A regular Trust Talk Magazine posted to home addresses.
- 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.

## Contacting our Governors

Members can contact Governors via:

- a dedicated governor email address managed by the Deputy 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:

- Annual report on retire and return applications and those which were agreed.
- Chief Executive and Executive Director objectives.
- A report on the use of Lay Managers within the Trust.
- The Committee agreed changes to the Executive.

In the previous financial year, the Trust implemented a new Executive pay framework, and assimilated all Executives (except the Medical Director) onto this framework.

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.<br><br>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.<br><br>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.<br><br>There is no performance related pay element, and pay elements are neither awarded nor withheld pending performance assessment.<br><br>Annual salary levels are subject to application of cost of living pay award determined by the Remuneration Committee.<br><br>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. |

| Element | Purpose and link to strategic objectives | Operation |
|---|---|---|
| | | Pay bands include incremental progression.<br><br>Executive directors are members of the NHS 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 2021, 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.

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 during the year 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 2020, and declarations (including nil returns) are submitted electronically via the staff intranet. At the time of writing, 201 people who are classed as decision making staff were asked to provide declarations by 31 March 2020. Of these, 180 have provided declarations and 21 have provided no declaration at all despite repeated reminders and support offered. These 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

This Committee of the Council of Governors reviews the performance and remuneration of the Chair and non-executive directors and makes recommendations on these to the full Council.

***During the financial year, the Committee agreed the recruitment process for a new Chair, agreed an extension to the term of office for Joy Warmington to assist with succession planning, discussed the outcome of the appraisals for Chair and the Non-Executive Directors, and appointed Danielle Oum as Chair replacing Sue Davies.***

***Membership and attendance of Nominations and Remuneration Committee 2020/2021***

| Name | 14 May 2020 | 9 July 2020 | 15 September 2020 | 17 March 2021 |
|---|---|---|---|---|
| Faheem Uddin | ✓ | ✓ | ✓ | A |
| Sue Davis | A | A | | |
| Danielle Oum | | | | ✓ |
| Maureen Johnson | ✓ | ✓ | ✓ | ✓ |
| Maureen Smojkis | A | ✓ | | |
| Hazel Kench | ✓ | A | ✓ | ✓ |
| Dr Jon Kennedy | ✓ | ✓ | ✓ | ✓ |
| Junaid Nawaz | | | | ✓ |

A = *apologies given* ✓ = *attended meeting* = *Not in post*

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

The gross pay in 2020/2021 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 four times in 2020/2021:

| Name | 29 July 2020 | 9 December 2020 | 21 December 2020 | 27 January 2021 |
|---|---|---|---|---|
| Sue Davis | ✓ | | | |
| Danielle Oum | | ✓ | A | ✓ |
| Phillip Gayle | ✓ | ✓ | ✓ | ✓ |
| Joy Warmington | ✓ | ✓ | A | ✓ |
| Waheed Saleem | ✓ | ✓ | A | ✓ |
| Gianjeet Hunjan | ✓ | ✓ | ✓ | ✓ |
| Russell Beale | ✓ | ✓ | ✓ | ✓ |
| Linda Cullen | ✓ | ✓ | ✓ | ✓ |

A = *apologies given* ✓ = *attended meeting* = *Not in post*

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

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

## Remuneration table

***Salary and pension entitlements of senior managers – salaries and allowances***

| Name and title | Year ending 31 March 2021 | | | | | Year ending 31 March 2020 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Salary | Other remuneration | Benefits in kind | Pension-related benefits | Total | Salary | Other remuneration | 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) | 195-200 | – | – | – | 195-200 | 190-195 | – | – | – | 190-195 |
| Hilary Grant (Executive Medical Director – Appointed 1 April 2017) | 110-115 | 55-60 | – | 72.5-75 | 240-245 | 105-110 | 55-60 | – | 85-87.5 | 250-255 |
| Brendan Hayes (Executive Director of Operations/Deputy CEO) (Appointed 15 July 2013, Resigned 30th April 2019) | | | | | | 10-15 | – | – | 15-17.5 | 25-30 |
| Vanessa Devlin (Executive Director of Operations) Appointed 29 April 2019 | 110-115 | – | – | 32.5-35 | 145-150 | 100-105 | – | – | 67.5-70 | 170-175 |
| Susan Hartley (Executive Director of Nursing – Appointed 31 March 2014) (Left March 2020) | 120-125 | – | – | 12.5-15 | 130-135 | 115-120 | – | – | 10-12.5 | 125-130 |
| Sarah Bloomfield (Interim Director of Quality and Safety) (Appointed 01 March 2021) | 5-10 | – | – | – | 5-10 | | | | | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Dave Tomlinson (Executive Director of Finance – Appointed 1 April 2017) | 125-130 | – | – | – | 125-130 | 125-130 | – | – | – | 125-130 |
| Charlotte Bailey (Executive Director of Strategic Partnerships) (Appointed 01 August 2017, Resigned 31 March 2020) | | | | | | 115-120 | – | – | 27.5-30 | 145-150 |
| Susan Young (Interim Executive Director of Strategic Partnerships) (Appointed 26 March 2020) | 145-150 | – | – | 67.5-70 | 215-220 | 0-5 | – | – | – | 0-5 |
| Patrick Nyarumbu – Executive Director of Strategy, People and Partnerships (Appointed November 2020) | 45-50 | – | – | 2.5-5 | 50-55 | | | | | |
| Sue Davis (Chair – Appointed 28 November 2011) (left November 2020) | 30-35 | – | – | – | 30-35 | 45-50 | – | – | – | 45-50 |
| Danielle Oum (Chair – Appointed 1 November 2020) | 15-20 | – | – | – | 15-20 | | | | | |
| Philip Gayle (Non-Executive Director) (Appointed 1 October 2019( | 15-20 | – | – | – | 15-20 | 5-10 | – | – | – | 5-10 |
| Linda Cullen (Non-Executive Director) (Appointed 1 January 2019) | 15-20 | – | – | – | 15-20 | 15-20 | – | – | – | 15-20 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Joy Warmington (Non-Executive Director – Appointed 3 January 2012) | 20-25 | – | – | – | 20-25 | 20-25 | – | – | – | 20-25 |
| Waheed Saleem (Non-Executive Director – Appointed 1 July 2013) | 15-20 | – | – | – | 15-20 | 15-20 | – | – | – | 15-20 |
| Barry Henley (Non-Executive Director) (Appointed 01 July 2013, Resigned 29 May 2019) | | | | | | 0-5 | – | – | – | 0-5 |
| Prof Russell Beale (Non-Executive Director) (Appointed 1 January 2017) | 15-20 | – | – | – | 15-20 | 15-20 | – | – | – | 15-20 |
| Gianjeet Hunjan (Non-Executive Director – Appointed 1 September 2015) | 15-20 | – | – | – | 15-20 | 15-20 | – | – | – | 15-20 |

*For both 2020/21 and 2019/20 there were no Annual Performance related bonuses or long-term performance related bonuses.*
*#The medical director was paid £59k during the year ended 31 March 2021 (£58k during year ended 31 March 2020) for non-director responsibilities.*

## Fair pay multiple

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Band of highest paid directors' total remuneration (£'000) | 195-200 | 190-195 |
| Median total remuneration | 31,130 | 30,398 |
| Ratio | 6.41 | 6.33 |

***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 data set.*

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest paid director in Birmingham and Solihull Mental Health NHS Foundation Trust in the financial year 2020/21 was £195-200k (for 2019/20 it was £190-195k.) This was 6.41 times (and was 6.33 times in 2019/20) the median remuneration of the workforce, which was £31,155k (£30k 2019/20).

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

## Pension entitlements

### *Pension benefits 2020/2021*

| 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 2020 | Lump sum at age 60 related to accrued pension at 31 March 2020 | Cash equivalent transfer value at 31 March 2019 | Cash equivalent transfer value at 31 March 2020 | 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 designate from 1 March 2019) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Hilary Grant (Executive Medical Director – Appointed 1 April 2016) | 2.5-5 | 12.5-15 | 71-75 | 215-220 | 1597 | 1765 | 141 |
| Susan Hartley (Executive Director of Nursing – Appointed 31 March 2014) (Left March 2020) | 0-2.5 | 2.5-5 | 45-50 | 145-150 | 1038 | 1112 | 56 |
| Dave Tomlinson (Executive Director of Finance – Appointed April 2017) (Not a part of NHS Pension) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Susan Young (Interim Director of Strategic Partnerships) (Appointed 26 March 2020. Resigned 31 March 2021.) | 2.5-5 | 0 | 10-15 | 0 | 112 | 177 | 63 |
| Vanessa Devlin (Executive Director of Operations) Appointed 29 April 2019 | 0-2.5 | 0 | 20-25 | 0 | 291 | 335 | 39 |
| Patrick Nyarumbu – Director of Strategy, People and Partnerships (Appointed November 2020) | 0-2.5 | 0-2.5 | 5-10 | 10-15 | 73 | 86 | 5 |

***Pension benefits 2019/2020***

| 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 2020 | Lump sum at age 60 related to accrued pension at 31 March 2020 | Cash equivalent transfer value at 31 March 2019 | Cash equivalent transfer value at 31 March 2020 | 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) | - | - | - | - | - | - | - |
| Charlotte Bailey (Executive Director of Strategic Partnerships) | 0-2.5 | 0 | 5-10 | - | 37 | 64 | 9 |
| Susan Young (Interim Executive Director of Strategic Partnerships) (Appointed 26 March 2020) | - | - | - | - | - | - | - |
| Dave Tomlinson (Executive Director of Finance) | - | - | - | - | - | - | - |
| Hilary Grant (Executive Medical Director) (Appointed 1 April 2016) | 2.5-5 | 12.5-15 | 65-70 | 195-200 | 1,411 | 1,597 | 128 |
| Brendan Hayes (Chief Operating Officer/Deputy CEO) (Appointed 15 July 2019 – 30 April 2019 | 0-2.5 | 0-2.5 | 60-65 | 185-90 | 1,122 | 1,378 | 17 |
| Susan Hartley (Executive Director of Nursing) | 0-2.5 | 2.5-5 | 45-40 | 135-140 | 963 | 1,038 | 34 |
| Vanessa Devlin (Executive Director of Operations) (Appointed 29 April 2019) | 2.5-5 | - | 20-25 | - | 218 | 291 | 47 |

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**
**14 June 2021**

# Staff report

The focus of the past year has been complete with the co-authoring of the People Strategic Priority document and People Plan which takes into account the Trust's new values of compassion, inclusion and commitment, 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 2020/21 we have:

- engaged multiple staff, service users and key stakeholders in the refresh and co-design of our People Strategic Priority and in the refresh of our Trust values.

- established a new People Committee which is a sub-committee of the Board 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.

- initiated a team culture deep dive framework based on QI methodology, in response to both our staff survey results and the feedback received following extensive engagement with staff, senior leaders, service users and partners. This programme of work commenced in October (as it had to be delayed due to COVID-19) and includes transforming our culture at team level to be a psychologically safe place for staff to speak up, to support shared learning and accountability when things go wrong, to address bullying and harassment and to enable teams to be compassionate and inclusive.

- commenced a review of formal HR processes to incorporate Just Culture principles and reduce the number of staff going through formal HR processes.

- developed a new leadership framework and rolled out modules on values-based leadership to support the cultural change agenda.

- continued to undertake focussed work around improving the health and wellbeing of our staff through the COVID-19 pandemic and beyond and have strengthened our approach towards equality, diversity and inclusion.

## Analysis of staff costs

| | Permanent £000 | Other £000 | 2020/21 Total £001 | 2019/20 Total £000 |
|---|---|---|---|---|
| Salaries and wages | 171,039 | - | 171,039 | 152,347 |
| Social security costs | 16,962 | - | 16,962 | 15,366 |
| Apprenticeship levy | 796 | - | 796 | 721 |
| Employer's contributions to NHS pensions | 18,751 | - | 18,751 | 17,383 |
| Pension cost - other paid by NHSE on Provider's Behalf (6.3%) | 7,946 | - | 7,946 | 7,359 |
| Other post-employment benefits | - | - | - | - |
| Other employment benefits | - | - | - | - |
| Termination benefits | 2 | - | 2 | 316 |
| Agency/contract staff | - | 5,333 | 5,333 | 6,459 |
| NHS charitable funds staff | - | - | - | - |
| **Total gross staff costs** | **215,496** | **5,333** | **220,829** | **199,951** |
| Recoveries in respect of seconded staff | | | | |
| **Total staff costs** | **215,496** | **5,333** | **220,829** | **199,951** |
| **Of which** | | | | |
| Costs capitalised as part of assets | - | - | | - |

## Average staff numbers

| | Permanent Number | Other Number | 2020/21 Total Number | 2019/20 Total Number |
|---|---|---|---|---|
| Medical and dental | 130 | 102 | 232 | 229 |
| Ambulance staff | | | - | - |
| Administration and estates | 704 | 54 | 758 | 757 |
| Healthcare assistants and other support staff | 758 | 92 | 850 | 756 |
| Nursing, midwifery and health visiting staff | 1,184 | 30 | 1,214 | 1,213 |
| Nursing, midwifery and health visiting learners | | | - | - |
| Scientific, therapeutic and technical staff | 551 | 124 | 675 | 636 |
| Healthcare science staff | | | - | - |
| Social care staff | | | - | - |
| Agency and contract staff | | | - | - |
| Bank staff | | | - | - |
| Other | 56 | 6 | 62 | 65 |
| **Total average numbers** | **3,383** | **408** | **3,791** | **3,656** |
| **Of which:** | | | | |
| Number of employees (WTE) engaged on capital projects | - | - | | - |

## Staff type by gender as at 31 March 2021

| Staff type | Female | % female | Male | % male | Grand total |
|---|---|---|---|---|---|
| Directors | 9 | 64% | 5 | 36% | 14 |
| Other senior managers | 266 | 76% | 82 | 24% | 348 |
| Employees | 2,748 | 72% | 1,045 | 28% | 3793 |
| Total | 3023 | 73% | 1132 | 27% | 4155 |

## Sickness absence 2020/21

| Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 |
|---|---|---|---|---|---|---|
| 7.01% | 4.78% | 4.38% | 4.61% | 4.66% | 5.25% | 5.60% |

| Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Rolling average |
|---|---|---|---|---|---|
| 5.49% | 5.58% | 7.88% | 6.49% | 5.25% | 5.58% |

| Average WTE 2021 | Adjusted WTE days lost | Average sick |
|---|---|---|
| 3,793 | 47,578 | 12.54 |

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).

## Equality, diversity and inclusion

This has been a challenging year for equality, diversity and inclusion (EDI) with the Black Lives Matter movement and issues of equality and inclusion in the context of COVID-19 i.e., risk assessments, PPE, HR processes such as redeployment and approaches to support those with concerns about vaccination. In addition, the Trust response to George Floyd and the Black Lives Matter movement – e.g. letter from the CEO to all staff, Board development on becoming an anti-racist, anti-discriminatory organisation and Listen Up Live sessions for all staff to join and ask questions directly to senior staff.

## Employment and training of disabled persons

The Trust aims to be an exemplar organisation which people want to access for care, recovery, and employment. The Trust understands that diversity brings richness and innovation and welcomes applicants from the diverse population it serves.

The Trust has several specific policies and procedures such as the Equality, Inclusion and Human Rights Policy, Special and Carers Leave Policy, Flexible Working Policy, Dignity at Work Policy and Sickness Policy. The latter is being reviewed to increase focus on wellbeing and ensure a recovery focussed approach and supporting our staff with underlying health conditions. These polices are there in order to support our employees through their

employment journey and make reasonable adjustments where possible enabling staff to feel valued and safe. If an employee becomes disabled this will in the first instance be managed supportively through Trust policies with the aim of identifying the adjustments with the support of occupational health, that may be necessary to enable the employee to continue working for us.

The Human Resources Team meets with the Disability and Neurodivergence Network on a regular basis to see what other support we can provide to staff to staff in remaining in employment.

## Disability Confident Employer

The Trust has been confirmed as a disability confident employer by the government's Disability Confident Scheme. Being a 'disability confident employer' means that we have completed the disability confident self-assessment and are taking all the 'core actions' to be a disability confident employer.

These core actions include, for example:

- actively looking to attract and recruit disabled people
- providing a fully inclusive and accessible recruitment process
- ensuring employees have appropriate disability equality awareness
- promoting a culture of being disability confident. We are now looking to become a ‘disability confident leader’, which means that we will have our self-assessment validated and will demonstrate leadership in encouraging other employers to make the journey to become Disability Confident.

## Staff networks

We are committed to realising the potential of all our staff as their personal experiences can contribute to improving service user care. We are therefore fully supportive of the staff networks we have in the Trust which are one of the means to achieve this.

### Our vision

We are passionate about **improving mental health wellbeing** by making a positive difference to people’s lives and believe that equality, diversity and inclusion is at the heart of achieving our vision.

### Our values

Our values are our guide to how we treat ourselves, one another, our service users, families and carers, and our partners.

We have imbedded inclusion in our Trust Strategy and values:


BSMHFT takes its obligations under Equality Legislation seriously and aims to provide fair and equitable treatment to, and value diversity in, its staff, service users and communities. In doing so we aim to ensure that our actions and working practices comply with both the spirit and intention of the Human Rights Act (1998), the Equality Act (2010) and the Public Sector Equality Duties.

We are proud of our three Staff Networks, (Black, Asian and Minority Ethnic (BAME), Lesbian, Gay, Bi, and Transgender (LGBT+) Staff Network and Disability and Neurodivergence Staff Network). Each of them enable staff to have a voice - without fear of repercussion - support the Trust to promote co-production and co-learning and hold the Trust to account whilst celebrating intersectionality and being united together. Additionally, all three of our staff networks have strong Executive support which has allowed us to promote the importance of allyship.

BSMHFT is determined to take action to address the deeply embedded legacy of race inequalities. Our Chief Executive, Roísìn Fallon-Williams has recognised and acknowledged racism within BSMHFT and the wider NHS and was one of the first in the NHS to write a personal letter in June 2020 to all staff following the Death of George Floyd, and the subsequent Black Lives Matter Movement. More recently our Trust Chair, Danielle Oum and the CEO, have jointly responded to the recent publication of the Commission on Race and Ethnic Disparities Report, emphasising that we will not in any way be lessoning our efforts or focus on reducing race and ethnic disparities in line with our aim to be an anti-racist and anti-discriminatory organisation. We remain absolutely committed to our values and our strategy.

The inequalities highlighted through the pandemic has shone a light on communities which are disproportionately affected by it. These include the LGBT community, those who are most vulnerable with comorbidities and those who have a BAME heritage. Our staff networks have been working with the executive team, HR and inclusion leads to support staff through this difficult period. This has been especially important for the wellbeing of our vulnerable colleagues including those with disabilities and long-term health conditions who would require further adjustments - in particular if working from home. We are a Disability Confident Employer and have completed the disability confident self-assessment. We pledge to actively look to attract and recruit disabled people, provide a fully inclusive and accessible recruitment process, ensure our employees have appropriate disability equality awareness and promoting a culture of being disability confident.

We continue to be a member of Stonewall and annually submit our application to take part in the Stonewall Workplace Equality Index. Our scoring has improved year on year with a ranking of 136 and our ranking has increased by 106 points in the last two years. We are aspiring to be in the top 100 employers on our next submission.

We have a pool of 18 Inclusion Advisors (IAs) who support staff face-to-face, during employee relation cases (dignity at work, sickness and disciplinary) and support recruitment panels for band 7 and above posts. This is designed to help us toward a representative workforce, breaking through glass ceilings and ensuring practices are fair for all. The IAs have been instrumental in supporting staff through the pandemic, in particular whilst conducting risk assessments and supporting staff to make an informed decision in regards to the COVID-19 vaccine.

Over the past year we have recruited a new Chair and other senior roles within the Trust including the Head of Equality, Diversity and Inclusion. The recruitment process explicitly outlined a required commitment to ensuring that the culture of BSMHFT is a 'just', inclusive and compassionate one in which everyone has equal opportunities to thrive, and feels confident in speaking out without fear. Applicants were required to demonstrate an unwavering commitment to diversity and inclusion and showcase how they would role model this at BSMHFT and across our system. The appointments have improved the diversity of our Board and Senior Leaders.

The new NHS People Plan, NHS Long Term Plan and our new Trust Strategy is an opportunity for us to make changes and progress on equality and diversity. We aim to promote a just culture for all by instilling staff with hope and confidence in the means of listening and believing their experiences and more importantly acting when things are not right. We know that engaging with staff, service users and communities in a meaningful and sustained way is important in helping to make continuous improvements on the inclusion agenda.

## Equality, diversity and inclusion is at the heart of everything we do

The Trust is dedicated to continued compliance with the Public Sector Equality Duty as set out in the Equality Act (2010) and the Equality and Human Rights Commission's Code of Practice. Additionally, our staff networks play a key role in supporting the Trust in its commitment towards national standards such as for example the NHS Workforce Disability Equality Standard (WDES), Accessible Information Standard (AIS) as well as our commitment towards our Equality, Diversity and Inclusion Framework (2017-2020) which focusses on key actions derived from the Equality Delivery System (EDS2) in order to address inequalities and overcome barriers.

## Engaging our people

Our engagement activity has evolved again in 2020/21 as we sought to better engage with our employees in more flexible ways.

We introduced Listen Up Live. 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. Chief Executive Roísìn Fallon-Williams has taken hundreds of questions on a variety of topics.

Digital engagement replaced much of our existing face to face programme during the COVID-19 crisis as we adapted to the challenges we faced. We continued to share thank you messages between colleagues by moving those tributes as part of a regular colleague briefing. Our employee networks moved some meetings on to Teams to maintain contact and discussions when frontline pressures allowed and Schwartz Rounds continued to prove popular in a digital setting. While the Trust charity Caring Minds couldn't bring colleagues together face to face at events, it continued to support and engage people in identifying opportunities to grant funds.

Employee engagement continued to feature in delivering our new trust strategy, shaping our new values and behaviours and helping to focus on the future use of technology in delivering services. All of this work included the use of our new social media style online portal, Your Voice. This crowdsourcing platform, delivered in partnership with an external supplier called Idea Drop, is designed to encourage employees to bring forward new ideas and to get more involved in sharing expertise.

In addition, to a large extent we continued to engage through communications activity throughout the year via methods that include:

- a monthly Board blog covering the challenges facing the Trust from each Board member in turn
- our 'Connected' monthly staff e-newsletter which shares developments and achievements from colleagues to colleagues
- a central news and information resource on our intranet, Connect, which enables staff to post news items and comments and responses to specific issues
- 'What's new this week', a popular weekly e-bulletin summarising all news and information from the past week in one place
- supporting the establishment of the Trust's new Freedom to Speak Up Guardians to help develop stronger employee voice.

There were more responses than ever from our employees to the annual NHS staff survey, the results of which have been shared and analysed to help each team improve. Overall, we have made some improvement in many areas, with more work to do to bring us up the national average in others. Thanks to the wide-ranging programme of work there was improvement in all nine measures of employee engagement in the 2020 NHS staff survey scores.

## Health and safety performance

In the last year, the focus of the work of the Health and Safety team has been largely on the below areas:

- Supporting and advising the Trust to ensure COVID-19 security during the pandemic. All teams and wards have developed COVID-19 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 Trust Health and Safety Committee structure – with a change in the seniority of the Chair and the attendees representing service areas. This has facilitated conversations at the appropriate level to enable discussions and decisions about safety and compliance.
- Ongoing development work on an electronic form and 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 en-suite doors on inpatient wards. The new door monitoring alarm system has been rolled out on all en-suite doors on one ward in Acute Care and work is underway to install this system across all Acute Care en-suite 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:

1. The Trust received no Health and Safety enforcement notices and had no Never Events in 2020/21.
2. All CAS alerts were responded to within the given timeframe.
3. In 2020/21 there were 22,347 reported untoward incidents (an increase on 2019/20 by 899 incidents).
4. Incidents of violence and aggression accounted for 6,007 in 2020/21. Of this figure 1,142 were as a result of physical assaults on inpatient staff. This compares with 5,532 in 2019/20, of which 1,248 were as a result of physical assaults on inpatient staff.
5. The number of false fire alarms reported in 2020/21 was 53, a decrease of 49 on the previous year.
6. The number of actual fires reported in 2020/21 was 20. Of these seven were accidental, two were wilful/arson and 11 undetermined. The total figure compares with 23 in 2019/20.
7. There were 48 (staff) and 444 (service users) Slips, Trips and Falls incidents in 2020/21. In 2019/20 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.
8. Personal accidents to staff (excluding slips, trips and falls) accounted for 181 reported incidents which is an increase of 5 from 2019/20.

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.

## Health and wellbeing

The Trust is committed towards improving the health and wellbeing of our staff by ensuring our staff 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. This online guide outlines the various wellbeing resources and support that are available for staff to access. This includes:

- National, local and in-house resources and support available to colleagues (COVID-19 helpline for NHS staff, wellbeing apps and toolkits, resources by themes, PAM occupational health support, other sources of support)
- Support for building resilience and coping in teams (PAM psychological support, Schwartz Rounds, access to charitable funds)
- Support for managers and team leaders (PAM psychological support, online resources, post-incident bereavement and death support)
- Post-incident support and trauma management (onsite counselling during incidents, stepped care psychological support)
- Specialist intervention for those who need it (PAM and other services).

Other wellbeing supported developed and implemented for staff includes:

- psychological first aid and support
- menopause toolkit and resources
- COVID-19 risk assessments and staff testing
- domestic abuse support (training)
- coaching and mentoring support.

Our integrated occupational health and wellbeing service which has been in place since 2016 supports our commitment to providing staff 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 have continued to deliver health promotion sessions and physiotherapy drop-in sessions virtually to support the staff during the period of the COVID-19 pandemic.

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. 1,860 colleagues responded, an increase of 78 people overall. Our response rate fell to 47% from 49%. The national median response rate for comparable trusts* this year was 49%.

The key findings were:

- All ten major themes have shown some improvement compared with last year.
- We still perform below average on the majority of key themes compared with similar trusts. (seven out of 10 below average).
- We have improved to the national average on questions regarding immediate managers, morale and quality of care.
- At a question level we maintained or improved our scores on 47 questions. There was no significant change in 42 questions and just one question worsened this year.
- Improvement is still required in equality, diversity and inclusion, bullying, safety culture, health and wellbeing and team working.
- All nine employee engagement scores improved but we remain below average.

With regard to equality, diversity and inclusion, the Trust was previously the worst performing trust in our group, (last year). We have improved our aggregate theme score over four questions to 8.5 out of 10 from 8.3 out of 10. This is no longer the worst score and is closer to the average of 9.1 but we remain below average in our comparative performance.

There are strong signs of an improvement in safety culture in that all six measures of safety culture have improved. However, we remain below average on each measure.

All five rankings of immediate managers improved this year bringing us to around the national average. Notable three-year trends on managers include taking an interest in wellbeing (upward shift of 7.2%) and manager asks for my opinion (up 5.6%).

One stand-out result with regard to a specific question is the overall increase in people feeling senior manager communication with staff is effective. This has gone up by 8.4%, against a 1.3% national increase and is now at an average for our peers.

The team is undertaking more work to understand the detailed patterns across directorates, demographic groups and occupational categories and is adopting both a strategic and local response to the survey findings.

The Trust has been progressing work on embedding the Just Culture principles as part of the People Plan.

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

| | 2020 | | 2019 | | 2018 | |
|---|---|---|---|---|---|---|
| | BSMHFT | National average mental health* | BSMHFT | National average mental health* | BSMHFT | National average mental health* |
| Equality, diversity, and inclusion | 8.5 | 9.1 | 8.3 | 9.1 | 8.4 | 9.0 |
| Health and wellbeing | 6.1 | 6.4 | 5.8 | 6.1 | 5.7 | 6.1 |
| Immediate managers | 7.3 | 7.3 | 7.1 | 7.3 | 7.1 | 7.2 |
| Morale | 6.4 | 6.4 | 6.1 | 6.3 | 6.0 | 6.2 |
| Quality of care | 7.5 | 7.5 | 7.3 | 7.4 | 7.2 | 7.3 |
| Safe environment – bullying and harassment | 7.7 | 8.3 | 7.4 | 8.2 | 7.5 | 8.2 |
| Safe environment – violence | 9.2 | 9.5 | 9.1 | 9.4 | 9.1 | 9.4 |
| Safety culture | 6.6 | 6.9 | 6.4 | 6.8 | 6.4 | 6.8 |
| Staff engagement | 7.1 | 7.2 | 6.9 | 7.1 | 6.8 | 7.0 |
| Team working | 6.7 | 7.0 | 6.5 | 6.9 | 6.5 | 6.9 |
| ** from 2020 our results were compared to the average scores drawn from a larger and slightly broader group of trusts. This includes mental health trusts, mental health and learning disability trusts and mental health, community and learning disability trusts. This comparison applies the new comparison on an historical basis so the historical time series of comparative averages will differ in some cases from those previous annual reports.* | | | | | | |

## Areas of improvement or deterioration from prior year

The survey is a key part of the way we listen to our staff views so that we can make our Trust a better place to work. We were below average performance on majority of major themes compared with similar trusts but better than in the past.

All themes have shown some improvement compared with last year with nine out of ten significantly so.

There is still an overall concern with equality, diversity and inclusion, bullying, safety culture, health and wellbeing and teamworking.

Existing concerns are around equality diversity and inclusion, bullying and harassment Overall people's experience of bullying and harassment is diminishing but we still do not compare as well as the national average.

## Future priorities and targets

Our staff survey shows there is much more we need to do to put an end to bullying, making our Trust a fairer place to work for everyone and enable staff to work better together as teams. While overall there has been some improvement in our results longstanding issues remain. Some of the changes we are making as part of the implementation of the new People Strategic Priority that will help to address these issues are as follows:

- Developing and implementing a restorative approach to people management and support staff who move into management roles to develop effective people management skills e.g. having coaching type and psychologically savvy conversations, early conflict resolution, resilience, having difficult conversations, effective team working, better quality appraisals, support a culture of learning and accountability).

- Upskilling staff to enable career progression with particular attention to BAME staff and obstacles faced in accessing progressional training. Providing effective training to improve existing biases within organisational culture and reverse mentoring for senior staff.

- Develop framework to support stamping out bullying and harassment behaviours by ensuring these behaviours are challenged and addressed in a timely manner.

- Ensuring departments set their own targets and interventions to have an impact on the experience of staff within their areas.

### Leadership and culture

We will work with staff and senior leaders across the Trust in gaining a deeper understanding of the root causes impacting on our culture- particularly those issues highlighted in our survey around bullying and harassment , team effectiveness and equality, diversity and inclusion. We will use quality improvement methodology to initiate a programme of support at team level and evaluate effectiveness with a view to then roll this out Trust wide as part of our commitment towards transforming our culture and developing our leaders.

There will be some core elements that will remain at the heart of the culture change we are seeking to achieve, and this will include:

- embedding the principles of psychological safety at work and supporting shared learning when things go wrong
- creating a culture of kindness and enable our leaders to be inclusive and compassionate in their approach
- supporting staff wellbeing and enable joy at work.

## 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 | £78,678 |
| Provide the total pay bill | £171,039,000 |
| Provide the percentage of the total pay bill spent on facility time, calculated as (total cost of facility time ÷ total pay bill) x 100 | 0.05% |

## Expenditure on consultancy

Expenditure on consultancy in 2020/21 was £ 1,308m, compared 2019/20 was £1,821m.

## High paid off-payroll engagements

***For all off-payroll engagements as of 31 March 2021, for more than £245 per day and that last longer than six months***

| | |
|---|---|
| Number of existing arrangements as of 31 March 2021 | 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:<br>• the Trust has engaged without including contractual clauses allowing the Trust to seek assurance as to their tax obligations; or<br>• where assurance has been requested and not received, without a contract termination<br>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 2020 and 31 March 2021***

| | |
|---|---|
| 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

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 2020/21. 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 2019/20.

| Staff exit packages | Number of compulsory redundancies 2020/2021 | Number of other agreed departures 2020/21 | Total number of exit packages by cost band 2020/2021 | Total number of exit packages by cost band 2019/2020 |
|---|---|---|---|---|
| **Exit package cost band** | | | | |
| <£10,000 | - | 1 | 1 | - |
| £10,000 – £25,000 | - | 5 | 5 | - |
| £25,001 – £50,000 | - | 2 | 2 | - |
| £50,001 – £100,000 | - | - | - | - |
| £100,001 – £150,000 | - | - | - | - |
| £150,001 – £200,000 | - | - | - | - |
| **Total number of exist packages by type** | | **9** | **9** | **-** |
| **Total resource cost £000** | | | **191** | **-** |

There were no exit packages paid to senior managers during this financial year (2019/20: nil)

# 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 2020/2021.

## 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 2020/21.

# 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.

The Single Oversight Framework applied from Quarter 3 or 2016/17. Prior to this, Monitor's *Risk Assessment Framework* (RAF) was in place. Information for the prior year and first two quarters relating to the RAF has not been presented as the basis of accountability was different. This is in line with NHS Improvement's guidance for annual reports.

## Segmentation

NHS Improvement has placed Birmingham and Solihull Mental Health NHS Foundation Trust in Segment 2.

What being a Segment 2 means:

> Providers offered targeted support: there are concerns in relation to one or more of the themes. We've identified targeted support that the provider can access to address these concerns, but which they are not obliged to take up. For some providers in Segment 2, more evidence may need to be gathered to identify appropriate support.

NHS Improvement has placed that Trust under 'targeted support' i.e. support needs identified in quality of care.

This segmentation information is the Trust's position as at 29 April 2021. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website via https://www.england.nhs.uk/financial-accounting-and-reporting/single-oversight-framework-segmentation/

## Finance and use of resources

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

| Area | Metric | 2020/21 Q1 score | 2020/21 Q2 score | 2020/21 Q3 score | 2020/21 Q4 score |
|---|---|---|---|---|---|
| **Financial sustainability** | Capital service capacity | 4 | 3 | 4 | 4 |
| | Liquidity | 3 | 3 | 4 | 4 |
| **Financial efficiency** | I&E margin | 2 | 2 | 3 | 3 |
| **Financial controls** | Distance from financial plan | 1 | 1 | 1 | 1 |
| | Agency spend | 1 | 1 | 1 | 1 |
| **Overall scoring (after overrides)** | | 3 | 2 | 3 | 3 |

# 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**
**14 June 2021**

# 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 2021 and up to the date of approval of the annual report and accounts.

## Capacity to handle risk

During 2020/2021, the Patrick Nyarumbu was appointed as the Director of Strategy, People and Partnerships.

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 Nursing** is the executive lead for risk management and is supported by the Associate Director of Nursing and 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.

**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 Board of Directors receives reports and assurance from the Audit Committee, Integrated Quality Committee, People Committee, Finance, Performance and Productivity Committee and Mental Health Legislation Committee meetings and discusses and notes progress with risk management actions, 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 Audit Committee assists the Board in this process by performing an annual review of the effectiveness of the risk management activities and it will be helped in this by the Internal Auditor's annual work, report and opinion on the effectiveness of the system of internal control.

The Health and Safety Committee provides an overarching view of health, safety and welfare and assurance that non-clinical risks are managed effectively on behalf of the organisation.

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 Risk Management Policy was updated and approved in November 2017. Since this time, the Board have undertaken a high-level annual review of the policy to ensure it remains fit for purpose throughout its three-year life span. The policy was strengthened to provide clarity on risk scoring methodology in line with best practice developed by the National Patient Safety Agency; and further clarified roles and responsibilities of individuals as well as the governance route for escalating and considering risk. There were also some changes to reporting details. 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 Trust uses a standard 5x5 matrix for risk scoring.

All local service areas and executive directors are expected to systematically review risks on their risk registers on a quarterly basis and provide assurance that the risks are being managed through their local Integrated Quality Groups. Where risks cannot be managed, this should be escalated to line managers.

Any risks of 15 and above are reported to the Clinical Governance Committee on a quarterly basis, at which point moderation may take place. This is to determine whether or not these risks could impact on the delivery of the corporate objectives and business plan and which therefore need to be reflected on the Corporate Risk Register, presented quarterly in full to the Integrated Quality Committee (IQC), Finance, Performance and Productivity Committee (FPPC), People Committee and Mental Health Legislation and from there to the Board as part of the Board Assurance Framework (BAF). Annual assurance is provided to the Audit Committee.

Each director is accountable overall for maintaining a risk register for their responsibilities.

### Core risk management responsibilities

The Board is responsible for:

- Approving the overall framework for Risk Management across the Trust including approval of the Risk Management Policy
- Reviewing risks with a score of 15 and above as part of the Board Assurance Framework and providing robust constructive debate on the effectiveness of risk mitigation.

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.

## 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
- external audit
- other assurance functions
- the process for managing risks is sound.

The role of the Integrated Quality 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.

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 to IQC

- 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.

The role of the Mental Health Legislation Committee is to:

- Provide assurance to the Board on all matters related to the administration on mental health legislation with reference to guiding principles laid out in the Code of Practice
- Monitor and scrutinise the result of CQC visits and other relevant external reports
- Review assurance there are an appropriate number of suitably skilled and qualified Lay Managers in place within the Trust
- Approve mental health legislation related policies and procedures and scrutinise their application
- Continually assess and review risks to compliance with Mental Health Act legislation.

The role of the Charitable Funds Committee is to:

- Ensure fund objectives and spending plans are appropriate and in line with objectives, spending criteria and priorities set by donors and sources are acceptable to trustees and respond to bid submissions
- Oversee approach to investment ensuring the investment policy is implemented
- Ensure appropriate systems of control over income and expenditure and that there are robust governance processes in place.

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 2020/21 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 2020/2021 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:

| Area | Risk |
|---|---|
| Trust wide | 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 wellbeing of staff may be compromised. |
| Acute care | There is a risk that there is insufficient capacity across Acute Care pathway to manage patient demand. |
| 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 | 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. |
| Trust wide | There is a risk that patients care may be compromised as a result of on-going issues with the recruitment and retention of staff and the impact of bank shifts not always being filled, which impacts on the quality of care service users receive. |
| Dementia and frailty services | There is a risk that the number of aggressive incidents towards staff, resulting in actual harm, reduces staff morale and impacts on attendance at work, with the result that there is an impact on patient care and increase in agency usage. |
| Urgent care | There is a risk of undue delay in timely assessment of patients detained under Section 136, at place of safety caused by lack of availability of a AMHP at the right time and right place to carry out MHA assessments. This also affects the assessments under Section 135 (1) applications. |
| 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. |
| Trust wide | 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. |

These risks will carry forward into 2021/22. 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 have 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. We are currently refreshing our training to give greater context to the importance of a Just Culture.

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. This year we have trained a number of service users and carers in quality improvement approaches and have recruited such individuals onto a number of our quality improvement programmes to ensure strength of voice.

Emergency preparedness, resilience and response (EPRR) has been focussed on the management and response to the COVID-19 pandemic for the duration of the 2020/2021 period and into the new financial year to ensure business resilience and continuity.

During 2020/2021, the Trust maintained moved from a partially compliant to substantially compliant status in our annual assurance submission (Core Standards was formally stood down for 2020 with an NHSE/I assurance process undertaken in consideration of the pressures on provider organisations at the time). The previously formulated action plan was fully completed and signed off with NHSE/I and CCG during 2020. Full details of how the Trust addressed the challenges of the COVID-19 pandemic are contained on pages 18-22 of the Annual Report.

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 have undertaken Mental Health Act inspections across appropriate services within the organisation during 2020/2021. 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.

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 Integrated Quality Committee.

The Board papers, agendas and minutes are also shared with the wider Council of Governors. The (Governor) Nominations and Remuneration Committee in 2020/2021 has reviewed the remuneration of the Non-Executive Directors and successfully appointed a new Non-Executive Director to the Board of Directors.

In 2020/2021, the Council of Governors received presentations and had the opportunity to comment on a range of topics including developing the strategy for 2020 onwards. 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 multidisciplinary 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.

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 Integrated Quality 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 Integrated Quality 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, Interim Director of Quality and Safety *(Chief Nursing Officer),* Director of Nursing 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.

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 and have now started our first Schwartz Rounds and Balint Groups.

## 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.

In response to the COVID-19 pandemic, a simplified financial regime was introduced in 2020/21. For the first half year, the Trust received a guaranteed block income from commissioners. Where this income was not sufficient to cover the underlying cost base, additional central top up payments were made along with retrospective allocations to cover COVID-19 expenditure, this resulted in a break-even position for the first six months of the year. Financial arrangements for the second half of 2020/21 were based on fixed system funding envelopes. Block income arrangements continued. The break-even top up mechanism and retrospective COVID-19 allocations were replaced by a system funding allocation from month 7. A phase 3 planning process was undertaken across the BSOL STP to revise financial plans for months 7 to 12 and the system funding allocations for growth, top up and COVID-19 were allocated to partners by mutual agreement. The group phase 3 financial projection was a £3.1m deficit for 2020/21. The actual outturn position was a deficit

of £1.7m before exceptional items. This was £1.4m better than projected, mainly due to additional income allocations received in the latter part of the year.

Looking ahead to the 2021/22 plan, guidance has been provided for the first half year. Systems have been allocated a set of financial envelopes for the six-month period of 1 April to 30 September 2021. There is an expectation that systems achieve a breakeven position within these envelopes. The envelopes have been generated by reference to the system funding envelopes for the second half of 2020/21 and actual financial performance in quarter 3 of 2020/21. Focus will now resume on controlling the underlying run rate and pursuing some large-scale savings plans via the Sustainability Board and Performance Delivery Group.

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 |

| Proper arrangements | Is the arrangement described in the AGS? |
|---|---|
| **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 |
| 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 |

| Proper arrangements | Is the arrangement described in the AGS? |
|---|---|
| **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 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 | The Trust operates a dedicated procurement function to police and support its relevant activities in this area, 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, Birmingham and Solihull Mental Health Trust NHSFT (the '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 the Trust from its various sources of assurance.

## Information governance

During the period 1 April 2020 and 31 March 2021, 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 202 incidents between 1 April 2020 and 9 March 2021. NOTE – The number of incidents is the current position as at 9 March. This data will need to be updated in early April 2021 to reflect the full year including all of March 2021. This figure includes any medical records incidents as well as the reported loss of smartcards.

There were 4 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 2020/21 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 have been audited in the last 4 years, 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. Due to COVID-19 a reduced number of audits have been completed in 2020/21. Outstanding audits will be combined into next year's plan.

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 Integrated Quality 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 once in draft format will be reviewed in a number of forums. Due to the national pandemic, the publication of the Quality Account is being delayed until later in the year.

## 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 Integrated Quality 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 Integrated Quality 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 (2021/2022) as the Board of Directors deem necessary.

**Roísìn Fallon-Williams**
**Chief Executive**
**14 June 2021**

# 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 2021 which comprise the Trust and Group Consolidated Statement of Comprehensive Income, the Trust and Group Statement(s) of Financial Position, the Trust and Group Statement(s) of Changes in Taxpayers' Equity, the Group Statement 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 2020/21 as contained in the Department of Health and Social Care Group Accounting Manual 2020/21, 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 2021 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 2020/21; 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 are also required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report and Accounts is fair, balanced and understandable and whether the Annual Report and Accounts appropriately discloses those matters that we communicated to the Annual Report and Accounts which we consider should have been disclosed.

We have nothing to report in these regards.

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

The Accounting Officer is required to comply with the Department of Health and Social Care Group Accounting Manual 2020/21 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 considering any 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 statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the NAO 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 2021.

We have not completed our work on the Trust's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in April 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2021.

We will report the outcome of our work on the Trust's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

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

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

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 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 2020/21; 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 2020/21; 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.

## Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness is its use of resources.

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

2 Chamberlain Square, Birmingham, UK

15 June 2021

# Audit Completion Certificate issued to the Council of Governors of Birmingham and Solihull Mental Health NHS Foundation Trust for the year ended 31 March 2021

In our auditor's report dated 15 June 2021 we explained that the audit could not be formally concluded until we had completed the work necessary to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness is its use of resources.

This work has now been completed.

No matters have come to our attention since 15 June 2021 that would have a material impact on the financial statements on which we gave our unqualified opinion.

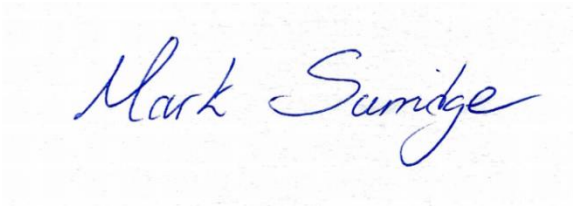
## The Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

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 2021.

We have nothing to report in this respect.

## Certificate

We certify that we have completed the audit of Birmingham & Solihull Mental Health NHS Foundation Trust in accordance with the requirements of chapter 5 of part 2 of the National Health Service Act 2006 and the Code of Audit Practice.



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

2 Chamberlain Square, Birmingham, B3 3AX

04 August 2021

Birmingham and Solihull Mental Health NHS Foundation Trust

# Consolidated financial statements 2020/21

March 31 2021

**Birmingham and Solihull Mental Health NHS Foundation Trust**
**March 31 2021**

**Foreword to the Accounts**

These accounts, for the year ended 31 March 2021, 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
14 June 2021

**Birmingham and Solihull Mental Health NHS Foundation Trust**
**March 31 2021**

| **Consolidated statement of comprehensive income for the year ended March 31 2021** | Note | March 31 2021 £000 Total | March 31 2020 £000 Total |
|---|---|---|---|
| Income from patient care activites | 2 | 271,033 | 245,991 |
| Other operating income | 2 | 30,022 | 17,203 |
| Operating costs | 4 | (295,170) | (261,379) |
| **Operating Surplus / (Deficit)** | | 5,885 | 1,815 |
| | | | |
| **Finance Costs** | | | |
| Finance income | 7 | - | 109 |
| Finance costs | 8 | (5,703) | (5,746) |
| PDC Dividend payable | | (1,637) | (2,636) |
| **Net Finance Costs** | | (7,340) | (8,273) |
| | | | |
| Corporation tax expense | 29 | (306) | (301) |
| **Surplus / (Deficit) from Operations** | | (1,761) | (6,759) |
| | | | |
| **Surplus / (Deficit) for the year** | | (1,761) | (6,759) |
| | | | |
| **Other comprehensive Income / (Expense)** | | | |
| | | | |
| **Will not be reclassified to income and expenditure:** | | | |
| Revaluation (losses) / gains on property, plant and equipment | | 2,834 | (481) |
| | | | |
| **May be reclassified to income and expenditure when certain conditions are met:** | | | |
| | | | |
| **Total comprehensive income / (Expense) for the year** | | 1,073 | (7,240) |

**Birmingham and Solihull Mental Health NHS Foundation Trust**
**March 31 2021**

| Statement of Financial Position | | Group | | Trust | |
|---|---|---|---|---|---|
| | Note | **March 31 2021** | March 31 2020 | **March 31 2021** | March 31 2020 |
| **As at March 31 2021** | | **£000** | £000 | **£000** | £000 |
| **Non-current assets** | | | | | |
| Intangible assets | 9 | **5,867** | 5,420 | **5,867** | 5,420 |
| Property, plant and equipment | 10 | **180,622** | 175,139 | **77,939** | 73,362 |
| Subsidiary investment | 12 | **-** | - | **26,860** | 26,677 |
| Trade and other receivables | 13 | **1,558** | 1,664 | **63,438** | 65,570 |
| Deferred tax asset | 30 | **58** | - | **-** | - |
| **Total non-current assets** | | **188,105** | 182,223 | **174,104** | 171,029 |
| **Current assets** | | | | | |
| Inventories | 11 | **380** | 417 | **216** | 234 |
| Trade and other receivables | 13 | **9,734** | 17,522 | **12,856** | 19,657 |
| Cash and cash equivalents | 22 | **28,803** | 13,955 | **26,114** | 11,660 |
| **Total current assets** | | **38,917** | 31,894 | **39,186** | 31,551 |
| **Current liabilities** | | | | | |
| Trade and other payables | 14 | **(32,256)** | (26,847) | **(31,843)** | (25,981) |
| Borrowings | 16 | **(4,272)** | (4,307) | **(4,272)** | (4,307) |
| Provisions for liabilities and charges | 19 | **(1,196)** | (987) | **(1,196)** | (995) |
| Other liabilities | 15 | **(13,179)** | (7,254) | **(13,670)** | (7,910) |
| **Total current liabilities** | | **(50,903)** | (39,395) | **(50,981)** | (39,193) |
| **Total assets less current liabilities** | | **176,119** | 174,722 | **162,309** | 163,387 |
| **Non-current liabilities** | | | | | |
| Borrowings | 16 | **(78,822)** | (82,570) | **(78,822)** | (82,570) |
| Provisions for liabilities and charges | 19 | **(2,437)** | (1,894) | **(2,437)** | (1,697) |
| Other liabilities | 15 | **-** | (316) | **-** | (491) |
| **Total non-current liabilities** | | **(81,259)** | (84,780) | **(81,259)** | (84,758) |
| **Total assets employed** | | **94,860** | 89,942 | **81,050** | 78,629 |
| | | | | | |
| **Financed by (taxpayers' equity)** | | | | | |
| Public dividend capital | | **110,527** | 106,682 | **110,527** | 106,682 |
| Revaluation reserve | | **27,470** | 24,636 | **4,767** | 4,459 |
| Income and expenditure reserve | | **(43,137)** | (41,376) | **(34,244)** | (32,512) |
| **Total taxpayers' equity** | | **94,860** | 89,942 | **81,050** | 78,629 |

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 08 June 2021 and signed on its behalf by:

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

Date: 14 June 2021

**Birmingham and Solihull Mental Health NHS Foundation Trust**
**March 31 2021**

| **Group statement of Changes in Taxpayers Equity**<br>**For year ended March 31 2021** | Total Taxpayers Equity<br>£000 | Public dividend capital<br>£000 | Revaluation reserve<br>£000 | income and expenditure reserve<br>£000 |
|---|---|---|---|---|
| **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) |
| **Taxpayers' Equity at April 1 2019 - as previously stated** | 94,279 | 103,779 | 25,117 | (34,617) |
| Prior period adjustment | - | - | - | - |
| **Taxpayers' Equity at April 1 2019** | 94,279 | 103,779 | 25,117 | (34,617) |
| Surplus / (Deficit) for the year | (6,759) | - | - | (6,759) |
| Revaluation gains/ (losses) on property, plant and equipment | (481) | - | (481) | - |
| Public Dividend Capital Received | 2,903 | 2,903 | - | - |
| **Taxpayers' Equity at March 31 2020** | 89,942 | 106,682 | 24,636 | (41,376) |

| **Trust statement of Changes in Taxpayers Equity**<br>**For year ended March 31 2021** | Total Taxpayers Equity<br>£000 | Public dividend capital<br>£000 | Revaluation reserve<br>£000 | income and expenditure reserve<br>£000 |
|---|---|---|---|---|
| **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) |
| **Taxpayers' Equity at April 1 2019 - as previously stated** | 77,747 | 103,779 | 1,871 | (27,903) |
| Prior period adjustment | - | - | - | - |
| **Taxpayers' Equity at April 1 2019** | 77,747 | 103,779 | 1,871 | (27,903) |
| Surplus / (Deficit) for the year | (4,609) | - | - | (4,609) |
| Revaluation gains/ (losses) on property, plant and equipment | 2,588 | - | 2,588 | - |
| Public Dividend Capital Received | 2,903 | 2,903 | - | - |
| **Taxpayers' Equity at March 31 2020** | 78,629 | 106,682 | 4,459 | (32,512) |

**Birmingham and Solihull Mental Health NHS Foundation Trust**
**March 31 2021**

| **Group statement of cash flows**<br>**For the year ended March 31 2021** | Note | March 31 2021<br>£000 | March 31 2020<br>£000 |
|---|---|---|---|
| **Cash flows from operating activites** | | | |
| Operating (deficit) / surplus for the year | | 5,885 | 1,815 |
| Depreciation and amortisation | 4 | 6,885 | 7,031 |
| Impairments | 4.1 | 34 | 1,911 |
| Reversals of impairments | 4.1 | - | - |
| Loss / (gain) on disposal | | - | - |
| (Increase) / decrease in trade and other receivables | | 8,040 | (3,466) |
| (Increase) / decrease in inventories | | 37 | (8) |
| Increase / (decrease) in trade and other payables | | 5,426 | 1,889 |
| Increase / (decrease) in other liabilities | | 5,925 | 4,449 |
| Increase / (decrease) in provisions | | 753 | 513 |
| Corporation tax (paid) / received | | (296) | - |
| Other movement in operating cash flows | | - | - |
| **Net cash generated from operating activities** | | 32,689 | 14,134 |
| **Cash flows from investing activities** | | | |
| Interest received | 7 | - | 109 |
| Purchase of intangible assets | 9 | (1,924) | (1,374) |
| Purchase of property, plant and equipment | 10 | (8,386) | (7,495) |
| Sales of property, plant and equipment | | - | - |
| **Net cash used in investing activities** | | (10,310) | (8,760) |
| **Cash flows from financing activites** | | | |
| Public dividend capital received | | 3,845 | 2,903 |
| Public dividend capital repaid | | - | - |
| Loans repaid to foundation trust financing facility | | (2,183) | (2,183) |
| Capital element of private finance initiative obligations | | (1,564) | (1,561) |
| Interest paid on loans from foundation trust financing facility | | (1,362) | (1,448) |
| Interest element of private finance initiative obligations | | (4,378) | (4,329) |
| PDC dividend paid | | (1,889) | (2,515) |
| **Net cash used in financing activities** | | (7,531) | (9,133) |
| **Net increase/ (decrease) in cash and cash equivalents** | | 14,848 | (3,759) |
| **Cash and cash equivalents at 1 April** | | 13,955 | 17,714 |
| Cash in hand (petty cash) | 22 | 51 | 40 |
| Cash at commercial banks | 22 | 2,689 | 2,295 |
| Cash at GBS | 22 | 26,063 | 11,620 |
| **Cash and cash equivalents at 31 March** | | 28,803 | 13,955 |

**Birmingham and Solihull Mental Health NHS Foundation Trust**
**March 31 2021**
**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 2020/21 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 2020/21. 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 2020/21. However, it is unlikely that contracts for 2021/22 will be signed before the 2020/21 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)

(Extract taken from the Healthcare Financial Management Association Briefing – February 2021)

In addition to the detailed assessment presented to Trust FPP in March, all NHS organisations received a letter on April 1 2021 simplifying guidance on going concerns.

This states that "for the 2020/21 year end onwards, while management in NHS bodies will still need to document their basis for adopting the going concern basis, this assessment should solely be based on the anticipated future provision of services in the pubic sector. This means that it is highly unlikely that NHS organisations would have any material uncertainties over going concern to disclose."

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

| Area of Uncertainty | Comment | Evidence |
|---|---|---|
| Cash | The 20/21 operating plan submission indicated a year ending cash balance as at 31/3/21 of £3.4m. Due to the covid financial arrangements, in particular advance payments of income and arrangements for resolving provider to provider historic payment issues, we have a cash balance as at 18/3/21 of £47.0m with year end forecast of in excess of £21m. This provides a level of reassurance around cash that the Trust has not had in a number of years. | - Cash balance<br>- Operating plan 20/21 |
| Capital | The 20/21 operating plan and original Board approval identified a capital plan of £5.3m, of which £0.9m was to be funded through internal cash. The likely out-turn is a capital spend of £9.0 of which £2.6m 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 2021/22. | - Board reports<br>- Capital Prioritisation Process<br>- 2021/22 NHSE/I capital guidance |
| Financial Position | The NHS is expected to receive operational planning guidance on March 25 which will confirm arrangements – it is anticipated that covid financial rules will continue for the first six months of 2021/22 which would ensure block income, system top ups for covid funding reducing the level of financial risk for organisations. | - NHSE/I covid financial arrangements |
| Contracts | As highlighted above, covid financial arrangements are likely to continue for at least the first six months of 2021/22. 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 2021. The shares held are ordinary and aggregate capital and reserves amount to £26,860k as at March 31 2021 (£26,678k as at March 31 2020). Summerhill Services Limited made a loss of £1,099k in the year ended March 31 2021 (2019/20: £1,088k).

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 accounting policies for revenue recognition and the application of IFRS 15 are consistently applied. The contracting arrangements in the NHS changed between 2019/20 and 2020/21 affecting the application of the accounting policy under IFRS 15. This difference in application is explained below.

2020/21

The main source of income for the Trust is contracts with commissioners for health care services. In 2020/21, the majority of the trust's income from NHS commissioners was in the form of block contract arrangements. During the first half of the year the trust received block funding from its commissioners. For the second half of the year, block contract arrangements were agreed at a Sustainability and Transformation Partnership level. 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 has received additional income outside of the block and system envelopes to reimburse specific costs incurred and other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

Comparative period (2019/20)

In the comparative period (2019/20), the trust's contracts with NHS commissioners included those where the trust's entitlement to income varied according to services delivered. A performance obligation relating to delivery of a spell of health care was generally satisfied over time as healthcare was received and consumed simultaneously by the customer as the Trust performed it. The customer in such a contract was the commissioner, but the customer benefited as services were provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligned with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that were substantially the same and had a similar pattern of transfer. At the year end, the Trust accrued income relating to activity delivered in that year, where a patient care spell was incomplete. This accrual was disclosed as a contract receivable as entitlement to payment for work completed was usually only dependent on the passage of time.

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 NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. It is not possible for the NHS Foundation Trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme. Employers pension cost 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 Foundation 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 2020/21 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.

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, 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 of (0.02%), 0.18%, 1.99% or 1.99% for 1-5 years, 6-10 years, 11-40 years and 40+ years respectively in Nominal terms (New adoption from April 01 2018 previosuly done on real terms), except for early retirement provisions and injury benefit provisions which both use the HM Treasury's pension discount rate of minus 0.95% in real terms.

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 2021.

- 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 2020/21.

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 2021. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

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

On transition to IFRS 16 on 1 April 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. Currently this rate is 0.91% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 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.

HM Treasury revised the implementation date for IFRS 16 in the NHS was revised to 1 April 2022 in November 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2022 and beyond, a quantification of the expected impact of applying the standard in 2022/23 is currently impracticable. However, the trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation

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 upon transition to IFRS 16. The effect of this has not yet been quantified.

1.20 Other standards, amendments and interpretations

Amendments to the following standards are applicable in 2020/21:

Annual improvement cycle 2015-2017 has amended the following standards:
- IAS 12 Income taxes – accounting for the consequences of payments on financial instruments that are classified as equity
- IAS 23 Borrowing costs – accounting for borrowing costs on completed qualifying assets
- IFRS 3 Business combinations and IFRS 11 Joint arrangements – in relation to re-measurement of previously held interests in a joint operation when control of the business is obtained.

IFRIC 23 Uncertainty over income tax treatments applies when there is uncertainty over whether an item of income is taxable or not.

Amendment to IAS 19 Employee benefits in relation to calculating past and current service cost when a defined benefit plan has been amended, curtailed or settled

Amendment to IAS 28 Investments in associates and joint ventures to make it clear that IFRS 9 as well as IAS 28 should be applied to long-term interests in associates and joint ventures that are, in substance, part of the net investment in the associate or joint venture.

•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.

1.25 Reachout

Reachout' has been accounted for in line with IFRS 15, with income recognised on a net basis of income and expenditure.

2 **Operating Income (Group)**

| | 2020/21 £000 | 2019/20 £000 |
|---|---|---|
| **Income from patient care activities** | | |
| Block contract / system envelope income * | 256,708 | 235,891 |
| Clinical income for the secondary commissioning of mandatory services | 5,424 | - |
| Other clinical income | 955 | 2,741 |
| Additional pension contribution central funding ** | 7,946 | 7,359 |
| **Total income from patient care activities** | 271,033 | 245,991 |
| | | |
| **Other operating income (Contract Income)** | | |
| Research and development | 771 | 1,612 |
| Education and training | 11,795 | 9,638 |
| Non-patient care services to other bodies | 476 | 1,563 |
| Other Income | 430 | 4,096 |
| Reimbursement and top up funding | 14,647 | - |
| Provider Sustainability fund (PSF) income | - | 294 |
| **Other operating income (Non-Contract Income)** | | |
| Charitable and other contributions to expenditure | 1,903 | - |
| **Total other operating income** | 30,022 | 17,203 |
| | | |
| **Total operating income** | 301,055 | 263,194 |

* As part of the coronavirus pandemic response, transaction flows were simplified in the NHS and providers and their commissioners moved onto block contract payments at the start of 2020/21. In the second half of the year, a revised financial framework built on these arrangements but with a greater focus on system partnership and providers derived most of their income from these system envelopes. Comparatives in this note are presented to be comparable with the current year activity. This does not reflect the contracting and payment mechanisms in place during the prior year.

** 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)**

| | 2020/21 £000 | 2019/20 £000 |
|---|---|---|
| NHS England | 93,765 | 88,141 |
| Clinical commissioning groups | 166,240 | 147,148 |
| NHS Foundation Trusts | 4,661 | 3,319 |
| NHS Trusts | 762 | 695 |
| Local authorities | 2,455 | 2,534 |
| Non NHS: other | 3,150 | 4,154 |
| **Total Income from patient care activities** | **271,033** | **245,991** |

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

| | 2020/21 £000 | 2019/20 £000 |
|---|---|---|
| Income from activities arising from mandatory services | 267,595 | 242,647 |
| Income from activities arising from non-mandatory services | 33,460 | 20,547 |
| | 301,055 | 263,194 |

2.3 **Commissioner requested services**

| | 2020/21 £000 | 2019/20 £000 |
|---|---|---|
| Income from activities arising from commissioner requested services | 271,033 | 245,991 |
| Income from activities arising from non-commissioner requested services | - | - |
| | 271,033 | 245,991 |

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

| | 2020/21 £000 | 2019/20 £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.

3 Segmental analysis (continued)

| **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 |

| **Year ended March 31 2020** | Healthcare services £000 | Commercial trading £000 | Inter-group eliminations £000 | Total £000 |
|---|---|---|---|---|
| Total segment revenue | 265,301 | 19,734 | (21,841) | 263,194 |
| Total segment expenditure | (263,761) | (18,038) | 22,330 | (259,469) |
| **Operating surplus / (deficit)** | 1,540 | 1,696 | 489 | 3,725 |
| Net financing cost | (3,392) | (2,245) | - | (5,637) |
| PDC dividend payable | (2,636) | - | - | (2,636) |
| Taxation | - | (301) | - | (301) |
| **Retained surplus / (deficit) before non-recurring items** | (4,488) | (850) | 489 | (4,849) |
| Non-recurring items | (2,076) | - | 166 | (1,910) |
| **Retained surplus / (deficit) after non-recurring items** | (6,564) | (850) | 655 | (6,759) |
| Reportable segment assets | 198,114 | 79,729 | - | 277,843 |
| Eliminations | - | - | (63,726) | (63,726) |
| **Total Assets** | 198,114 | 79,729 | (63,726) | 214,117 |
| Reportable segment liabilities | (123,917) | (57,084) | - | (181,001) |
| Eliminations | - | - | 56,826 | 56,826 |
| **Total liabilities** | (123,917) | (57,084) | 56,826 | (124,175) |
| **Net assets / (liabilities)** | 74,197 | 22,645 | (6,900) | 89,942 |

4 **Operating Costs**

| | 2020/21 £000 | 2019/20 £000 |
|---|---|---|
| Services from NHS Foundation Trusts | 3,953 | 4,135 |
| Services from NHS Trusts | 1,031 | 1,060 |
| Services from CCGs and NHS England | - | - |
| Services from other NHS bodies | 233 | 194 |
| Employee expenses - executive directors | 1,068 | 962 |
| Employee expenses - non-executive directors | 184 | 169 |
| Employee expenses - staff | 219,759 | 198,673 |
| Drug costs | 6,359 | 6,453 |
| Supplies and services - clinical (excluding drug costs) | 2,554 | 794 |
| Supplies and services - general | 3,249 | 2,431 |
| Establishment | 2,650 | 2,578 |
| Transport | 1,568 | 1,554 |
| Premises | 28,900 | 20,853 |
| Impairments / (Reversal of impairments) of property, plant and equipment | 34 | 1,910 |
| Increase / (decrease) in bad debt provision | 35 | 100 |
| Termination benefits | 2 | 316 |
| Depreciation on property, plant and equipment | 5,409 | 5,580 |
| Amortisation on intangible assets | 1,477 | 1,451 |
| Audit Services | 98 | 66 |
| Other auditors' remuneration | - | - |
| Clinical negligence | 1,137 | 966 |
| Loss on disposal of other property, plant and equipment | - | - |
| Internal audit costs | 80 | 88 |
| Consultancy costs | 1,308 | 1,821 |
| Other | 14,082 | 9,225 |
| **Total operating costs** | 295,170 | 261,379 |

4.1 **Exceptional Items**

| | 2020/21 £000 | 2019/20 £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 2020/21 (2019/20: Nil)

4.2 **Analysis of loss on disposal**

| | 2020/21 £000 | 2019/20 £000 |
|---|---|---|
| Disposal of commissioner requested service assets | - | - |
| Disposal of non-commissioner requested service assets | - | - |
| **Total loss on disposal** | - | - |

There were no Losses recorded on the disposal of assets in 2020/21 & 2019/20.

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 (Previous Years Auditors were PricewaterhouseCoopers LLP (PwC)). The audit fee for the year ended 31 March 2021 was £52.1k (2019/20: £42.3k) for the Trust's annual report and accounts, £0k (2019/20: £0k) for the Trust's quality accounts (due to the changes in the requirements re C-19) and £12.1k (2019/20: £8.0k, Plus £10k one-off payment to cover the SSL Transaction) for Summerhill Services Limited, totalling £64.2k (£64.3k for the year ended 31 March 2020) 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**

| | 2020/21 £000 | 2019/20 £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**

| | 2020/21 £000 | 2019/20 £000 |
|---|---|---|
| Minimum lease payments | 1,733 | 2,011 |

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 £1,342k (2019/20: £1,460k) which is included within operating costs. The leases for vehicles and equipment range from 1 to 5 years and have an annual charge of £391k (2019/20: £551k) 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 £570k (2019/20: £793k). 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**

| | 2020/21 £000 | 2019/20 £000 |
|---|---|---|
| Not later than one year | 1,661 | 1,664 |
| Later than one year and not later than five years | 4,020 | 4,674 |
| later than five years | 4,378 | 5,321 |
| **Total future minimum lease payments** | 10,059 | 11,659 |

5 **Directors remuneration**

| | 2020/21 £000 | 2019/20 £000 |
|---|---|---|
| **Short-term benefits :** | | |
| Salary | 876 | 780 |
| Taxable benefits | 121 | 109 |
| Performance related bonuses | - | - |
| employer's pension contributions | 71 | 73 |
| **Post-employment benefits :** | - | - |
| **Other long-term benefits :** | - | - |
| **Termination benefits :** | - | - |
| **Share-based payment :** | - | - |
| **Total directors remuneration** | 1,068 | 962 |

The medical director was paid £59k during the year ended March 31 2021 (£58k during year ended March 31 2020), 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) | 2020/21 £000 | 2019/20 £000 |
|---|---|---|
| Salaries and wages | 171,039 | 152,347 |
| Social security costs | 16,962 | 15,366 |
| Employers contribution to NHS pensions | 18,751 | 17,383 |
| Employers contribution to NHS pensions paid by NHSE on Provider's Behalf (6.3%) | 7,946 | 7,359 |
| Apprenticeship Levy | 796 | 721 |
| Termination benefits (see note 4 and 4.1) | 2 | 316 |
| Agency / contract staff | 5,333 | 6,459 |
| | 220,829 | 199,951 |
| Less: capitalised staff cost | - | - |
| **Total recognised in operating expenses** | 220,829 | 199,951 |

6.1 **Average number of employees (WTE basis)**

| | 2020/21 Number | 2019/20 Number |
|---|---|---|
| Medical | 232 | 229 |
| Administration and estates | 758 | 757 |
| Healthcare assistants and other support staff | 851 | 756 |
| Nursing and health visiting staff | 1,214 | 1,213 |
| Scientific, therapeutic and technical staff | 675 | 636 |
| Other | 63 | 66 |
| **Total Average** | 3,793 | 3,657 |

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.

| | 2020/21 £000 | 2020/21 Number | 2019/20 £000 | 2019/20 Number |
|---|---|---|---|---|
| No. of early retirements on the grounds of ill health | | 5 | | 3 |
| Value of early retirements on the grounds of ill health | 327 | | 119 | |

6.3 **Staff exit packages**

| Exit package cost band | No. of compulsory redundancies 2020/21 | No. of other agreed departures 2020/21 | Total no. of exit packages by cost band 2020/21 | Total no. of exit packages by cost band 2019/20 |
|---|---|---|---|---|
| < £10,000 | - | 1 | 1 | - |
| £10,000 - £25,000 | - | 5 | 5 | - |
| £25,001 - £50,000 | - | 3 | 3 | |
| £50,001 - £100,000 | - | - | - | |
| £100,001 - £150,000 | - | - | - | - |
| £150,001 - £200,000 | - | - | - | - |
| **Total number of exit packages by type** | - | 9 | 9 | - |
| **Total resource cost £000** | | | 191 | - |

There were no exit packages paid to senior managers during this financial year (2019/20: nil).

7 **Finance Income**

| | 2020/21 £000 | 2019/20 £000 |
|---|---|---|
| Interest on deposits / investments | - | 109 |

8 **Finance costs**

| | 2020/21 £000 | 2019/20 £000 |
|---|---|---|
| Loans from the foundation trust financing facility | 1,325 | 1,417 |
| **Finance costs in PFI obligations :** | | |
| Main finance costs | 2,470 | 2,541 |
| Contingent finance costs | 1,908 | 1,788 |
| **Total finance costs** | 5,703 | 5,746 |

9 Intangible assets

9.1

| **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 |

9.2

| **Group and Trust Intangible assets for year ended March 31 2020** | 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 2019 - as previously stated** | 9,855 | 7,450 | - | 853 | 1,552 |
| Prior period adjustment | - | - | - | - | - |
| **Cost or valuation at April 1 2019** | 9,855 | 7,450 | - | 853 | 1,552 |
| Additions - purchased | 1,373 | 918 | - | 199 | 256 |
| Disposals | (8) | (8) | - | - | - |
| **Cost or valuation at March 31 2020** | 11,220 | 8,360 | - | 1,052 | 1,808 |
| | | | | | |
| **Amortisation at April 1 2019 - as previously stated** | 4,357 | 3,772 | - | 110 | 475 |
| Prior period adjustment | - | - | - | - | - |
| **Amortisation at April 1 2019** | 4,357 | 3,772 | - | 110 | 475 |
| Provided during the year | 1,451 | 1,049 | - | 167 | 235 |
| Reclassifications | - | - | - | - | - |
| Disposals | (8) | (8) | - | - | - |
| **Amortisation at March 31 2020** | 5,800 | 4,813 | - | 277 | 710 |
| | | | | | |
| NBV - Purchased at April 1 2019 | 5,498 | 3,678 | - | 743 | 1,077 |
| NBV - Donated at April 1 2019 | - | - | - | - | - |
| **Total NBV at April 1 2019** | 5,498 | 3,678 | - | 743 | 1,077 |
| | | | | | |
| NBV - Purchased at March 31 2020 | 5,420 | 3,547 | - | 775 | 1,098 |
| NBV - Donated at March 31 2020 | - | - | - | - | - |
| **Total NBV at March 31 2020** | 5,420 | 3,547 | - | 775 | 1,098 |

10 **Property plant and equipment**

10.1

| **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)**

10.2

| **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 | - | - | - | - | - | - | - | - | - |
| 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)**

10.3 **Group property, plant and equipment for year ended March 31 2020**

| | 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 2019 - as previously stated** | 194,097 | 18,459 | 148,810 | - | 2,063 | 2,642 | 11 | 9,394 | 12,718 |
| Prior period adjustment | - | - | - | - | - | - | - | - | - |
| **Cost or valuation at April 1 2019** | 194,097 | 18,459 | 148,810 | - | 2,063 | 2,642 | 11 | 9,394 | 12,718 |
| Additions - purchased | 7,199 | - | 1,162 | - | 6,037 | - | - | - | - |
| Additions - donated | - | - | - | - | - | - | - | - | - |
| Acquisition through business combination | - | - | - | - | - | - | - | - | - |
| Impairments charged to operating expenses | (2,077) | - | (2,077) | - | - | - | - | - | - |
| Impairments charged to the revaluation reserve | (1,451) | - | (1,451) | - | - | - | - | - | - |
| Reversal of impairments credited to operating expenses | 166 | - | 166 | - | - | - | - | - | - |
| Reversal of impairments credited to the revaluation reserve | 970 | 863 | 107 | - | - | - | - | - | - |
| Reclassifications | - | - | 4,262 | - | (6,028) | 22 | - | 1,503 | 241 |
| Revaluation surplus | - | - | - | - | - | - | - | - | - |
| Transfers to non-current assets classified as held for sale (note 10.7) | - | - | - | - | - | - | - | - | - |
| Transfers from accumulated depreciation* | (2,610) | - | (2,610) | - | - | - | - | - | - |
| Disposals | (3,873) | - | - | - | - | (5) | - | (3,828) | (40) |
| **Cost or valuation at March 31 2020** | 192,421 | 19,322 | 148,369 | - | 2,072 | 2,659 | 11 | 7,069 | 12,919 |
| | | | | | | | | | |
| **Accumulated depreciation at April 1 2019 - as previously stated** | 18,186 | - | - | - | - | 2,389 | 11 | 6,679 | 9,107 |
| Prior period adjustment | - | - | - | - | - | - | - | - | - |
| **Accumulated depreciation at April 1 2019** | 18,186 | - | - | - | - | 2,389 | 11 | 6,679 | 9,107 |
| Provided during the year | 5,579 | - | 3,155 | - | - | 130 | - | 1,053 | 1,241 |
| Acquisition through business combination | - | - | - | - | - | - | - | - | - |
| Impairments charged to operating expenses | - | - | - | - | - | - | - | - | - |
| Reversal of impairments credited to operating expenses | - | - | - | - | - | - | - | - | - |
| Reclassifications | - | - | - | - | - | - | - | - | - |
| Revaluation surpluses | - | - | - | - | - | - | - | - | - |
| Transferred to cost or valuation* | (2,610) | - | (2,610) | - | - | - | - | - | - |
| Disposals | (3,873) | - | - | - | - | (5) | - | (3,828) | (40) |
| **Accumulated depreciation at March 31 2020** | 17,282 | - | 545 | - | - | 2,514 | 11 | 3,904 | 10,308 |
| | | | | | | | | | |
| NBV - Purchased at April 1 2019 | 175,911 | 18,459 | 148,810 | - | 2,063 | 253 | - | 2,715 | 3,611 |
| NBV - Donated at April 1 2019 | - | - | - | - | - | - | - | - | - |
| **Total NBV at April 1 2019** | 175,911 | 18,459 | 148,810 | - | 2,063 | 253 | - | 2,715 | 3,611 |
| | | | | | | | | | |
| NBV - Purchased at March 31 2020 | 175,139 | 19,322 | 147,824 | - | 2,072 | 145 | - | 3,165 | 2,611 |
| NBV - Donated at March 31 2020 | - | - | - | - | - | - | - | - | - |
| **Total NBV at March 31 2020** | 175,139 | 19,322 | 147,824 | - | 2,072 | 145 | - | 3,165 | 2,611 |

*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 £39,921k at March 31 2020 (£41,337k at March 31 2019). Depreciation of £1,108k was charged on these assets in the year (£647k during the year ended March 31 2019). 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 2020**

| | 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 2019 - as previously stated** | 93,369 | 9,780 | 68,278 | - | 1,326 | 1,746 | - | 9,394 | 2,845 |
| Prior period adjustment | - | - | - | - | - | - | - | - | - |
| **Cost or valuation at April 1 2019** | 93,369 | 9,780 | 68,278 | - | 1,326 | 1,746 | - | 9,394 | 2,845 |
| Additions - purchased | 4,030 | - | 1,162 | - | 2,868 | - | - | - | - |
| Additions - donated | - | - | - | - | - | - | - | - | - |
| Acquisition through business combination | - | - | - | - | - | - | - | - | - |
| Impairments charged to operating expenses | (147) | - | (147) | - | - | - | - | - | - |
| Impairments charged to the revaluation reserve | - | - | - | - | - | - | - | - | - |
| Reversal of impairments credited to the revaluation reserve | 2,588 | - | 2,588 | - | - | - | - | - | - |
| Reversal of impairments credited to operating expenses | - | - | - | - | - | - | - | - | - |
| Reclassifications | - | - | 1,015 | - | (2,612) | 22 | | 1,503 | 72 |
| Revaluation surplus | - | - | - | - | - | - | - | - | - |
| Transfer to Finance Lease Receivable | (12,470) | - | (12,470) | - | - | - | - | - | - |
| Transfers to non-current assets classified as held for sale (note 10.7) | - | - | - | - | - | - | - | - | - |
| Transfers from accumulated depreciation* | (1,336) | - | (1,336) | - | - | - | - | - | - |
| Disposals | (3,873) | - | - | - | - | (5) | - | (3,828) | (40) |
| **Cost or valuation at March 31 2020** | 82,161 | 9,780 | 59,090 | - | 1,582 | 1,763 | - | 7,069 | 2,877 |
| | | | | | | | | | |
| **Accumulated depreciation at April 1 2019 - as previously stated** | 10,922 | - | - | - | - | 1,606 | - | 6,679 | 2,637 |
| Prior period adjustment | - | - | - | - | - | - | - | - | - |
| **Accumulated depreciation at April 1 2019** | 10,922 | - | - | - | - | 1,606 | - | 6,679 | 2,637 |
| Provided during the year | 3,086 | - | 1,881 | - | - | 97 | - | 1,053 | 55 |
| Acquisition through business combination | - | - | - | - | - | - | - | - | - |
| Impairments charged to operating expenses | - | - | - | - | - | - | - | - | - |
| Reversal of impairments credited to operating expenses | - | - | - | - | - | - | - | - | - |
| Reclassifications | - | - | - | - | - | - | - | - | - |
| Revaluation surpluses | - | - | - | - | - | - | - | - | - |
| Transferred to cost or valuation* | (1,336) | - | (1,336) | - | - | - | - | - | - |
| Disposals | (3,873) | - | - | - | - | (5) | - | (3,828) | (40) |
| **Accumulated depreciation at March 31 2020** | 8,799 | - | 545 | - | - | 1,698 | - | 3,904 | 2,652 |
| | | | | | | | | | |
| NBV - Purchased at April 1 2019 | 82,447 | 9,780 | 68,278 | - | 1,326 | 140 | - | 2,715 | 208 |
| NBV - Donated at April 1 2019 | - | - | - | - | - | - | - | - | - |
| **Total NBV at April 1 2019** | 82,447 | 9,780 | 68,278 | - | 1,326 | 140 | - | 2,715 | 208 |
| | | | | | | | | | |
| NBV - Purchased at March 31 2020 | 73,362 | 9,780 | 58,545 | - | 1,582 | 65 | - | 3,165 | 225 |
| NBV - Donated at March 31 2020 | - | - | - | - | - | - | - | - | - |
| **Total NBV at March 31 2020** | 73,362 | 9,780 | 58,545 | - | 1,582 | 65 | - | 3,165 | 225 |

*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 £39,921k at March 31 2020 (£41,337k at March 31 2019). Depreciation of £1,108k was charged on these assets in the year (£647k during the year ended March 31 2019). 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 | 2 | 48 |
| Assets under construction | - | - |
| Plant and machinery | 1 | 5 |
| Transport equipment | - | - |
| Information technology | 1 | 5 |
| Furniture and fittings | 1 | 5 |
| 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 2021 | March 31 2020 | March 31 2021 | March 31 2020 |
| | £000 | £000 | £000 | £000 |
| Drugs | 349 | 386 | 185 | 203 |
| Consumables | 31 | 31 | 31 | 31 |
| **Total Inventories** | 380 | 417 | 216 | 234 |

11.1 **Inventories recognised in expenses**

| | March 31 2021 | March 31 2020 |
|---|---|---|
| | £000 | £000 |
| Inventories recognised in expenses | 6,355 | 6,461 |
| Write-down of inventories recognised as an expense | 4 | - |
| Reversals of any write down of inventories | - | - |
| **Total inventories recognised in expenses** | 6,359 | 6,461 |

12 **Subsidiary investment**

| | Group | | Trust | |
|---|---|---|---|---|
| | March 31 2021 | March 31 2020 | March 31 2021 | March 31 2020 |
| | £000 | £000 | £000 | £000 |
| Shares in group undertakings | - | - | 26,860 | 26,677 |
| **Total Subsidiary investment** | - | - | 26,860 | 26,677 |

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 2021.

**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 £26,859,600 (2019/20: £26,677,499). 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 2021 £000 | Financial assets March 31 2021 £000 | Non-financial assets March 31 2021 £000 | Total March 31 2020 £000 | Financial assets March 31 2020 £000 | Non-financial assets March 31 2020 £000 |
|---|---|---|---|---|---|---|---|
| | **Current** | | | | | | |
| | Contract Receivable ** | 4,947 | 4,947 | - | 13,429 | 13,429 | - |
| | Provision for Impaired Contract Receivables ** | (246) | (246) | - | (339) | (339) | - |
| | Prepayments | 1,748 | - | 1,748 | 1,910 | - | 1,910 |
| | PDC receivable | 557 | - | 557 | 305 | - | 305 |
| | VAT Receivable | 1,629 | - | 1,629 | 1,214 | - | 1,214 |
| | Other receivables | 1,099 | 1,099 | - | 1,003 | 1,003 | - |
| | **Total current trade and other receivables** | 9,734 | 5,800 | 3,934 | 17,522 | 14,093 | 3,429 |
| | **Non-current** | | | | | | |
| | Prepayments - Lifecycle replacement | 1,361 | - | 1,361 | 1,467 | - | 1,467 |
| | Clinician pension tax provision | 197 | 197 | - | 197 | 197 | - |
| | **Total non-current trade and other receivables** | 1,558 | 197 | 1,361 | 1,664 | 197 | 1,467 |

| 13.1 | **Trade and other receivables - Trust** | Total March 31 2021 £000 | Financial assets March 31 2021 £000 | Non-financial assets March 31 2021 £000 | Total March 31 2020 £000 | Financial assets March 31 2020 £000 | Non-financial assets March 31 2020 £000 |
|---|---|---|---|---|---|---|---|
| | **Current** | | | | | | |
| | Contract Receivable ** | 5,900 | 5,900 | - | 13,440 | 13,440 | - |
| | Provision for Impaired Contract Receivables ** | (246) | (246) | - | (339) | (339) | - |
| | Prepayments | 1,733 | - | 1,733 | 1,898 | - | 1,898 |
| | PDC receivable | 557 | - | 557 | 305 | | 305 |
| | VAT Receivable | 1,629 | - | 1,629 | 1,214 | | 1,214 |
| | Other receivables | 813 | 813 | - | 707 | 707 | - |
| | Finance Lease Receivable | 288 | 288 | | 278 | 278 | |
| | Loan assets* | 2,182 | 2,182 | | 2,154 | 2,154 | |
| | **Total current trade and other receivables** | 12,856 | 8,937 | 3,919 | 19,657 | 16,240 | 3,417 |
| | **Non-current** | | | | | | |
| | Prepayments - Lifecycle replacement | 1,361 | - | 1,361 | 1,467 | - | 1,467 |
| | Clinician pension tax provision | 197 | 197 | - | 197 | 197 | - |
| | Finance Lease Receivable | 11,700 | 11,700 | | 11,988 | 11,988 | |
| | Loan assets* | 50,180 | 50,180 | | 51,918 | 51,918 | - |
| | **Total non-current trade and other receivables** | 63,438 | 62,077 | 1,361 | 65,570 | 64,103 | 1,467 |

*Loan assets are comprised solely of loans made to the 100% owned subsidiary Summerhill Services Limited. The term of these loans is 25 years.

** Following the application of IFRS 15 from 1 April 2018, the trust's entitlements to consideration for work performed under contracts with customers are shown separately as contract receivables and contract assets. This replaces the previous analysis into trade receivables and accrued income. IFRS 15 is applied without restatement therefore the comparative analysis of receivables has not been restated under IFRS 15.

13 **Trade and other receivables (continued)**

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 | - |

13.2 **Provision for impairment of receivables 2019/20- group and trust**

| | 2019/20 £000 Contract Receivables and Contract Assets | 2019/20 £000 All Other Receivables |
|---|---|---|
| **Provision as at April 1 2019 - Bought Forward** | 269 | - |
| New Provision amounts arising | 100 | - |
| Utilisation of Provision (where receivable is written off) | (30) | - |
| **Provision as at March 31 2020** | 339 | - |

13.3 **Analysis of impaired receivables - group and trust**

| | March 31 2021 £000 | March 31 2020 £000 |
|---|---|---|
| **Ageing of impaired receivables:** | | |
| 0-30 Days | - | - |
| 31-60 Days | - | - |
| 61-90 Days | - | 1 |
| Over 90 Days | 246 | 338 |
| **Total impaired receivables** | 246 | 339 |

13.4 **Ageing of non-impaired receivables - group and trust**

| | March 31 2021 £000 | March 31 2020 £000 |
|---|---|---|
| **Ageing of non-Impaired Receivables** | | |
| 0-30 Days | 2,828 | 4,084 |
| 31-60 Days | 333 | 1,586 |
| 61-90 Days | - | 931 |
| Over 90 Days | 87 | 2,830 |
| **Total non-impaired receivables** | 3,248 | 9,430 |

| 14 | **Trade and other payables - Group** | Total March 31 2021 £000 | Financial liabilities March 31 2021 £000 | Non-financial liabilities March 31 2021 £000 | Total March 31 2020 £000 | Financial liabilities March 31 2020 £000 | Non-financial liabilities March 31 2020 £000 |
|---|---|---|---|---|---|---|---|
| | **Current** | | | | | | |
| | Trade payables | 10,347 | 10,347 | - | 9,385 | 9,385 | - |
| | Trade payables - capital | 1,012 | 1,012 | - | 1,413 | 1,413 | - |
| | Social security and taxes payable | 4,539 | - | 4,539 | 4,201 | - | 4,201 |
| | Other payables | 3,393 | 3,393 | - | 2,873 | 2,873 | - |
| | Accruals | 12,965 | 12,965 | - | 8,975 | 8,975 | - |
| | **Total current trade and other payables** | 32,256 | 27,717 | 4,539 | 26,847 | 22,646 | 4,201 |

Trade Payables above includes £1,653k relating to business with NHS and Other WGA Bodies at March 31 2021 (£2,450k at March 31 2020). The remaining £8,695k relates to business with bodies external to government at March 31 2021 (£6,935k at March 31 2020).

Other payables above includes £1,587k at March 31 2021 in respect of outstanding Employer Pension Contributions (£1,480k at March 2020).

| 14.1 | **Trade and other payables - Trust** | Total March 31 2021 £000 | Financial liabilities March 31 2021 £000 | Non-financial liabilities March 31 2021 £000 | Total March 31 2020 £000 | Financial liabilities March 31 2020 £000 | Non-financial liabilities March 31 2020 £000 |
|---|---|---|---|---|---|---|---|
| | **Current** | | | | | | |
| | Trade payables | 9,416 | 9,416 | - | 8,389 | 8,389 | - |
| | Trade payables - capital | 781 | 781 | - | 1,177 | 1,177 | - |
| | Social security and taxes payable | 4,402 | - | 4,402 | 4,076 | - | 4,076 |
| | Other payables | 3,239 | 3,239 | - | 2,794 | 2,794 | - |
| | Accruals | 14,005 | 14,005 | - | 9,545 | 9,545 | - |
| | **Total current trade and other payables** | 31,843 | 27,441 | 4,402 | 25,981 | 21,905 | 4,076 |

Trade Payables above includes £1,653k relating to business with NHS and Other WGA Bodies at March 31 2021 (£2,450k at March 31 2020). The remaining £7,763k relates to business with bodies external to government at March 31 2021 (£5,939k at March 31 2020).

Other payables above includes £1,539k at March 31 2021 in respect of outstanding Employer Pension Contributions (£1,429k at March 2020).

| 15 | **Other Liabilities - Group** | March 31 2021 £000 | March 31 2020 £000 |
|---|---|---|---|
| | **Current** | | |
| | Deferred Income | 13,179 | 7,254 |
| | **Total current other Liabilities** | 13,179 | 7,254 |
| | | | |
| | **Non-current** | | |
| | Deferred Tax Liability | - | 316 |
| | **Total non-current other Liabilities** | - | 316 |

| 15.1 | **Other Liabilities - Trust** | March 31 2021 £000 | March 31 2020 £000 |
|---|---|---|---|
| | **Current** | | |
| | Deferred Income | 13,179 | 7,254 |
| | Deferred gain on disposal | 491 | 656 |
| | **Total current other Liabilities** | 13,670 | 7,910 |
| | | | |
| | **Non-current** | | |
| | Deferred gain on disposal | - | 491 |
| | **Total non-current other Liabilities** | - | 491 |

16 **Borrowings - Group and Trust**

| | March 31 2021 £000 | March 31 2020 £000 |
|---|---|---|
| **Current** | | |
| Loans from foundation trust financing facility | 2,705 | 2,743 |
| Obligations under private finance initiative contracts | 1,567 | 1,564 |
| **Total current borrowings** | 4,272 | 4,307 |
| | | |
| **Non-current** | | |
| Loans from foundation trust financing facility | 29,507 | 31,689 |
| Obligations under private finance initiative contracts | 49,315 | 50,881 |
| **Total Non-current borrowings** | 78,822 | 82,570 |

16.1 **Borrowings - Trust**

| | March 31 2021 £000 | March 31 2020 £000 |
|---|---|---|
| **Current** | | |
| Loans from foundation trust financing facility | 2,705 | 2,743 |
| Obligations under private finance initiative contracts | 1,567 | 1,564 |
| Loans from Subsidiary Company | - | - |
| **Total current borrowings** | 4,272 | 4,307 |
| | | |
| **Non-current** | | |
| Loans from foundation trust financing facility | 29,507 | 31,689 |
| Obligations under private finance initiative contracts | 49,315 | 50,881 |
| **Total Non-current borrowings** | 78,822 | 82,570 |

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 2020** | 86,877 | 34,432 | - | 52,445 |
| **Cash Movements:** | | | | |
| Financing cash flows - principal | (3,747) | (2,183) | - | (1,564) |
| Financing cash flows - interest | (3,832) | (1,362) | - | (2,470) |
| **Non-Cash Movements:** | | | | |
| Interest charge arising in year (application of effective interest rate) | 3,795 | 1,325 | - | 2,470 |
| **Carrying Value at March 31 2021** | 83,093 | 32,212 | - | 50,881 |

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 2020** | 86,877 | 34,432 | - | 52,445 |
| **Cash Movements:** | | | | |
| Financing cash flows - principal | (3,747) | (2,183) | - | (1,564) |
| Financing cash flows - interest | (3,832) | (1,362) | - | (2,470) |
| **Non-Cash Movements:** | | | | |
| Interest charge arising in year (application of effective interest rate) | 3,795 | 1,325 | - | 2,470 |
| **Carrying Value at March 31 2021** | 83,093 | 32,212 | - | 50,881 |

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 2021 £000 | March 31 2020 £000 |
|---|---|---|
| **Gross PFI liabilities of which liabilities are due:** | | |
| - Not later than one year; | 3,964 | 4,033 |
| - Later than one year and not later than five years; | 15,948 | 16,284 |
| - Later than five years. | 62,052 | 65,681 |
| Finance charges allocated to future periods | (31,083) | (33,553) |
| **Net PFI Liabilites** | 50,881 | 52,445 |
| - Not later than one year; | 1,567 | 1,564 |
| - Later than one year and not later than five years; | 7,188 | 7,181 |
| - Later than five years. | 42,126 | 43,700 |
| **Total PFI obligations** | 50,881 | 52,445 |

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 2021 Total £000 | March 31 2021 PFI 1 £000 | March 31 2021 PFI 2 £000 | March 31 2020 Total £000 |
|---|---|---|---|---|
| 16th to 20th years (inclusive) | 3,865 | 3,865 | - | 3,807 |
| 26th to 30th years (inclusive) | 7,969 | - | 7,969 | 7,861 |

18.2

| **PFI total commitments (on SOFP) - group and trust** | March 31 2021 £000 | March 31 2020 £000 |
|---|---|---|
| - Not later than one year; | 11,834 | 11,669 |
| - Later than one year and not later than five years; | 50,369 | 49,665 |
| - Later than five years. | 290,306 | 306,668 |
| **Total commitments in respect of the PFI** | 352,509 | 368,002 |
| - Not later than one year; | 11,249 | 11,092 |
| - Later than one year and not later than five years; | 42,249 | 41,660 |
| - Later than five years. | 152,173 | 156,984 |
| **Total present value of commitments** | 205,671 | 209,736 |

18.3

| **PFI service commitments (on SOFP) - group and trust** | March 31 2021 £000 | March 31 2020 £000 |
|---|---|---|
| Charge in respect of the service element of the PFI for the period | 4,335 | 4,251 |
| **Commitments in respect of the service element of the PFI:** | | |
| - Not later than one year; | 4,203 | 4,125 |
| - Later than one year and not later than five years; | 16,048 | 15,746 |
| - Later than five years. | 63,110 | 64,868 |
| | 83,361 | 84,739 |

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 2020** | 2,881 | 224 | 939 | 316 | 956 | 446 |
| Arising during the year | 1,218 | 40 | 634 | | 147 | 397 |
| Utilised during the year | (339) | (50) | - | (189) | (75) | (25) |
| Reversed unused | (127) | - | - | (127) | - | - |
| **At March 31 2021** | 3,633 | 214 | 1,573 | - | 1,028 | 818 |
| **Expected timing of cash flows:** | | | | | | |
| - Not later than one year; | 1,196 | 214 | 284 | - | 77 | 621 |
| - Later than one year and not later than five years; | 305 | - | - | - | 305 | - |
| - Later than five years. | 2,132 | - | 1,289 | - | 646 | 197 |
| **Total provisions for liabilities and charges** | 3,633 | 214 | 1,573 | - | 1,028 | 818 |

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 2021 (£100k at March 31 2020).

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 Trust provided for an amount of £127k while its Subsidiary Summerhill Services Ltd provided for an amount of £189k for year ended March 31 2021.

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 £568k for Increment Provision, £197k 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.

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 2020** | 2,692 | 224 | 939 | 127 | 956 | 446 |
| Arising during the year | 1,218 | 40 | 634 | | 147 | 397 |
| Utilised during the year | (150) | (50) | - | | (75) | (25) |
| Reversed unused | (127) | - | - | (127) | - | |
| **At March 31 2021** | 3,633 | 214 | 1,573 | - | 1,028 | 818 |
| **Expected timing of cash flows:** | | | | | | |
| - Not later than one year; | 1,196 | 214 | 284 | - | 77 | 621 |
| - Later than one year and not later than five years; | 305 | - | - | - | 305 | - |
| - Later than five years. | 2,132 | - | 1,289 | - | 646 | 197 |
| **Total provisions for liabilities and charges** | 3,633 | 214 | 1,573 | - | 1,028 | 818 |

19.2 **Clinical Negligence liabilities - group and trust**

| | March 31 2021 | March 31 2020 |
|---|---|---|
| | £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 | 1,969 | 754 |

20 **Contractual capital commitments - group and trust**

The Group was contractually committed to £949k at 31 March 2021 (£1,173k at 31 March 2020) of capital expenditure for the purchase of property, plant and equipment.

21 **Third party assets**

The trust held £1,147k cash and cash equivalents at March 31 2021 (£1,073k March 31 2020) 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 | |
|---|---|---|---|---|
| | 2020/21 | 2019/20 | 2020/21 | 2019/20 |
| | £000 | £000 | £000 | £000 |
| **At April 1** | 13,955 | 17,714 | 11,660 | 16,388 |
| Net change in year | 14,848 | (3,759) | 14,454 | (4,728) |
| **At March 31** | 28,803 | 13,955 | 26,114 | 11,660 |
| **Broken down into:** | | | | |
| Cash in hand (petty cash) | 51 | 40 | 51 | 40 |
| Cash at commercial banks | 2,689 | 2,295 | - | - |
| Cash at GBS | 26,063 | 11,620 | 26,063 | 11,620 |
| **Cash and cash equivalents as in SOFP** | 28,803 | 13,955 | 26,114 | 11,660 |
| Bank overdraft | | | | |
| **Cash and cash equivalents as in SOCF** | 28,803 | 13,955 | 26,114 | 11,660 |

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 | |
|---|---|---|
| | 2020/21 | 2019/20 |
| | £000 | £000 |
| University Hospital Birmingham NHS Foundation Trust | 3,288 | 4,608 |
| NHS Birmingham and Solihull CCG | 162,881 | 144,166 |
| NHS England | 100,453 | 85,671 |
| Health Education England | 11,561 | 9,333 |
| Solihull Metropolitan Borough Council | 2,420 | 2,698 |
| Birmingham Women's and Children's Hospital NHS Foundation Trust | 1,508 | 1,574 |
| NHS Sandwell and West Birmingham CCG | 1,568 | 1,019 |

| | Expenditure > £1.5m | |
|---|---|---|
| | 2020/21 | 2019/20 |
| | £000 | £000 |
| Birmingham Community Healthcare NHS Trust | 3,770 | 3,707 |
| NHS Pension Scheme | 26,698 | 24,742 |
| HMRC - Other Taxes and NI | 18,064 | 16,388 |
| NHS Birmingham and Solihull CCG | 3,419 | 77 |

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 2021 | March 31 2020 |
| | £000 | £000 |
| NHS England | 738 | 5,496 |
| HMRC (VAT) | 1,629 | 1,214 |
| University Hospital Birmingham NHS Foundation Trust | - | 1,622 |
| Birmingham Women's and Children's Hospital NHS Foundation Trust | 21 | 522 |
| NHS Birmingham and Solihull CCG | 249 | 2,414 |
| Wye Valley NHS Trust | 761 | - |
| South Warwickshire NHS Foundation Trust | 521 | - |

| | Payables > £0.5m | |
|---|---|---|
| | March 31 2021 | March 31 2020 |
| | £000 | £000 |
| HMRC - Other Taxes and NI | 4,539 | 4,201 |
| NHS Pension Scheme | 2,610 | 2,425 |
| Birmingham Community Healthcare NHS Trust | 125 | 676 |
| NHS Property Services | 475 | 675 |
| University Hospital Birmingham NHS Foundation Trust | - | 554 |
| NHS Birmingham and Solihull CCG | 1,571 | 50 |

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 2021 the Trust was owed £240k (£167k at March 31 2020) 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 2021 the Trust was owed £52,362k from the company (£54,072K at 31 March 2020) . Income from Summerhill Services Limited during the year amounted to £24,778k (£19,734k at 31 March 2020) and the expenditure incurred was £25,877k (£20,283k at 31 March 2020).

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 |
|---|---|---|
| Sue Davis (Resigned 30 November 2020) | West Midlands Constitutional Connection | Director of lobbying organisation |
| | Labour Party | Member |
| | West Midlands Police | Independent Chair of the Joint Audit Committee |
| | *Birmingham City Council | *Husband Councillor - Billesley Ward |
| | *BSMHFT | *Husband Lay Member of BSMHFT Nephew and Niece (by marriage) employees |
| | *BSMHFT | *Nephew and wife employed as nursing staff in the Trust |
| Daniell Oum (Appointed 01 December 2020) | Finegreen | Supporting shortlisting of Stockport Chair |
| | Healthwatch England | Committee Member |
| | Walsall Healthcare NHS Trust | Chair |
| | Walsall Housing Group Ltd | Director |
| | West Midlands housing association WHG | Chair |
| Roisin Fallon-Williams | NIL | NIL |
| Dr Hilary Grant | *BSMHFT | *Son working on Trust Bank Admin |
| | *BSMHFT | *Husband Working as principal clinical psychologist at meriden Programme |
| Sue Hartley (Resigned 31 March 2021) | NIL | NIL |
| Sarah Bloomfield (Appointed 01 March 2021) | 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 |
| Linda Cullen | CQC | Second Opionion Appointed Doctor |
| | Home Group Limited | Non Executive Director |
| | Locum Child and Adolescent Consultant Psychiatrist | HTT CAMHS, Post due to end 4th April 2019 |
| Patrick Nyarumbu (Appointed 02 November 2020) | Needlesmart | Member of Clinical Advisory Group |
| Joy Warmington | BRAP | Chief Executive Officer |
| | Migrant Voice | Director |
| Waheed Saleem | 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 |
| | *BSMHFT | *Niece is a Trainee in Psychological Well-being |
| Phillip Gayle | Walsall Healthcare Trust | Non Executive Director |
| | Servol Community Services | CEO |
| Susan Young (Resigned 31 March 2021) | PSCA Consulting Ltd | 100 Ordinary Shares |
| 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 |

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 2021 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 2021 Loans and receivables £000 | March 31 2020 Loans and receivables £000 |
|---|---|---|---|
| | **Assets as per SOFP** | | |
| | Trade and other receivables excluding non-financial assets | 5,997 | 14,093 |
| | Cash and cash equivalents (at bank and in hand) | 28,803 | 13,955 |
| | **Total group financial assets at March 31** | 34,800 | 28,048 |

| 25.1 | **Trust financial assets by category** | March 31 2021 Loans and receivables £000 | March 31 2020 Loans and receivables £000 |
|---|---|---|---|
| | **Assets as per SOFP** | | |
| | Trade and other receivables excluding non-financial assets | 8,937 | 16,240 |
| | Cash and cash equivalents (at bank and in hand) | 26,114 | 11,660 |
| | **Total trust financial assets at March 31** | 35,051 | 27,900 |

| 26 | **Group financial liabilities by category** | March 31 2021 Other financial liabilities £000 | March 31 2020 Other financial liabilities £000 |
|---|---|---|---|
| | **Liabilities as per SOFP** | | |
| | Borrowings excluding finance lease and PFI liabilities | 32,212 | 34,432 |
| | Obligations under private finance initiative contracts | 50,882 | 52,445 |
| | Trade and other payables excluding non-financial liability | 27,717 | 22,646 |
| | **Total group financial liabilities at March 31** | 110,811 | 109,523 |

| 26.1 | **Trust financial liabilities by category** | March 31 2021 Other financial liabilities £000 | March 31 2020 Other financial liabilities £000 |
|---|---|---|---|
| | **Liabilities as per SOFP** | | |
| | Borrowings excluding finance lease and PFI liabilities | 32,212 | 34,432 |
| | Obligations under private finance initiative contracts | 50,882 | 52,445 |
| | Trade and other payables excluding non-financial liability | 27,441 | 21,905 |
| | **Total trust financial liabilities at March 31** | 110,535 | 108,782 |

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 112 cases of losses and special payments totalling £196k during the year to March 31 2021 (51 cases totalling £34k during the year to March 31 2020). These amounts are reported on an accruals basis but excluding provisions for future losses.

| Losses and special payments (approved cases only) | 2020/21 Total No. of cases Number | 2020/21 Total value of cases £000 | 2019/20 Total no. of cases Number | 2019/20 Total value of cases £000 |
|---|---|---|---|---|
| **Losses:** | | | | |
| Losses of cash due to : | | | | |
| Theft, fraud etc | - | - | 10 | 1 |
| Fruitless payments and constructive losses | - | - | - | - |
| Bad debts and claims abandoned in relation to : | | | | |
| Other | 37 | 128 | 15 | 29 |
| Damage to buildings, property etc. (including stores losses) due to: | | | | |
| Theft, fraud etc | - | - | - | - |
| Store losses | 12 | 4 | - | - |
| Other | - | - | - | - |
| **Total Losses** | 49 | 132 | 25 | 30 |
| **Special payments :** | | | | |
| Compensation under legal obligation | 26 | 50 | - | - |
| Ex gratia payments; in respect of; loss of personal effects | 37 | 14 | 26 | 4 |
| **Total special payments** | 63 | 64 | 26 | 4 |
| **Total losses and special payments** | 112 | 196 | 51 | 34 |

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 2021, is based on valuation data as 31 March 2020, updated to 31 March 2021 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 was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced 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.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

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| **Corporation Tax Expense** | 2020/21 £000 | 2019/20 £000 |
|---|---|---|
| UK corporation tax expense | 384 | 17 |
| Adjustment in respect of prior years | - | - |
| **Current tax expense** | 384 | 17 |
| Origination and reversal of temporary differences | (78) | 285 |
| **Deferred tax expense** | (78) | 284 |
| **Total income tax expense in statement of comprehensive income** | 306 | 301 |
| | | |
| **Reconciliation of effective tax charge** | | |
| Effective tax charge percentage | (151) | - |
| **Tax if effective tax rate charged on surpluses before tax** | (151) | - |
| Effect of : | | |
| Surpluses not subject to tax | - | - |
| Non-deductible expenses | 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** | 384 | - |

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| **Deferred tax asset / liability** | 2020/21 £000 | 2019/20 £000 |
|---|---|---|
| Deferred tax asset to be recovered after > 12 months | 58 | - |
| Deferred tax liability to be recovered after > 12 months | - | 316 |
| **Total deferred tax asset / Liability** | 58 | 316 |

**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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