NHS
Birmingham and Solihull Mental Health
NHS Foundation Trust

Annual report and accounts

2019/20

Birmingham and Solihull
Mental Health NHS Foundation Trust

Annual report and accounts 2019/2020

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

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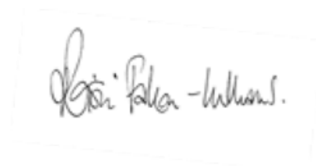
The Strategic report has been prepared in accordance with sections 414A, 414C and 414D of the Companies Act, as interpreted by the FReM (paragraphs 5.2.6 to 5.2.11) and in accordance with the direction issued by NHS Improvement under the National Health Service Act 2006.

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 2019-20 at their meeting held on 24 June 2020.



Roísìn Fallon-Williams
Chief Executive
24 June 2020

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

We are delighted to welcome you to this annual report for Birmingham and Solihull Mental NHS Health Foundation Trust. The report covers the period 1 April 2019 to 31 March 2020. As we look back on what has been a challenging year, 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.

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.

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.

The year started with the arrival of a new Chief Executive, as Roísìn took over from John Short who had spent six years at the helm. We would like to place on record our thanks to John both for his service with the Trust, but also for his heartfelt and unstinting campaigning for equity of esteem for mental health services in the UK and beyond. John massively improved the level of partnership working within our Trust, and we are pleased to have seen that continue this year, as we collaborated with third sector partners to increase the range of services available for people in crisis. That collaboration also allowed us to swiftly put new services in place to ensure that care for our service users was uninterrupted during the pandemic.

As we write this report, we find ourselves in one of the most difficult years in the history of NHS with the outbreak of the COVID-19 virus. Firstly, 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 made sure that we are ensuring that we keep everyone as safe as possible whilst maintaining the care and safety of all patients and staff. The unprecedented challenges posed by COVID-19 at the latter end of this financial year saw gigantic efforts made by all at team BSMHFT and the amazing collaborative focus of everyone. Together across the health economy we saw amazing collaboration with all our partners in the early stages of the most significant challenge faced by the NHS. We have included further information on our response on page 13 of this report.

We are pleased to report that the Trust continues to meet and exceed the mental health national access waiting time standards that are in place regarding 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; we ensured that 75 per cent of people referred to the IAPT service beginning treatment within six weeks of referral and 95 per cent beginning treatment within 18 weeks of referral.; and that 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

We have an Out of Area Bed and Service User Project with the aim to reduce the number of service users that are unable to be cared for in Birmingham or Solihull and are placed out of the area, sometimes at a significant distance from their homes and families aiming to reduce the number of out of area placements to zero by March 2021

Some of our amazing staff have been recognised, including Lakhvir Rellon, our Head of Community Engagement, who was presented with the Senior Champion of the Year award for Stonewall Midlands at the Workplace Equality Index 2019 Midlands Regional Awards in May 2019; Steve Gilbert, one of our services users and an inspirational serious mental illness living experience consultant, was awarded an OBE in November for his work as Vice Chair for the Independent Mental Health Act Review; and our NHS Veterans' Mental Health Complex Treatment Service was credited with the Armed Forces Covenant Bronze Award which promotes organisations that are armed forces-friendly

We saw Barry Henley, Non-Executive Director, leave the Trust for pastures new and we were joined by Philip Gayle. In addition, we appointed Vanessa Devlin to the post of Executive Director of Operations and at the end of this financial year, Charlotte Bailey, Director of People, Strategy and Partnerships left the Trust for a new role in London and we were joined by Susan Young, Interim Director of Strategy, People and Partnerships.

We will continue to work closely with our regulators to ensure that the Trust remains viable and spends public money in the most effective way whilst maintaining the standards of care and quality that our communities and patients require of us. We were due to receive the Care Quality Commission for a routine inspection in April 2020 which has been slightly delayed due to COVID-19 and we are keen to be able to evidence the improvements we have made since their last inspection.

Our staff survey shows 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. Some of the changes we are making that will help to address are detailed on page 71.

There are always pressures of resource and finance on an NHS Foundation Trust, however by giving focus to developing our strategic plan, putting patients at the heart of everything we do, and working in a joined up and respectful way with colleagues, service users and partners, we will continue to improve and evolve. We hope you find the information in this report to be useful.

Sue Davis, CBE
Chair

Roísìn Fallon-Williams
Chief Executive

Purpose and activities of our Trust

We have a simple and clear purpose:

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

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

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

The organisation provides a comprehensive mental healthcare services for the resits 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 and have an annual income of £ INSERT, 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 form the most affected areas.

Our strategic ambitions for 2019/2020

We have a three-year strategy covering 2017-2020 which includes six strategic ambitions that drive our work:

- We will put service users first and provide the right care, closer to home, whenever its needed.
- We will listen to and work alongside service users, carers, staff, and stakeholders.
- We will champion mental health wellbeing and support people in their recovery.
- We will attract, develop, and support an exceptional and valued workforce.
- We will drive research, innovation, and technology to enhance care.
- We will work in partnership with others to achieve the best outcomes for local people.

History and background

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

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

Key issues and risks that could affect the Trust

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

Objective	Risk area
Sustainability	There would be a failure of the medium to long term financial sustainability of the Trust due to: • shortfall of funding for capital projects • failure to achieve planned annual surplus • shortfall in case • major fire incident.
We will put service users first and provide the right care	The Trust will be unable to maintain acceptable levels of care if: • there is no sustained investment in mental health • the number of patients needing our services continues to increase • we cannot recruit and keep suitably qualified staff, particularly in working environments that we do not have control such as HMP Birmingham.
We will attract and develop and support an exceptional and values workforce	We will be unable to recruit future staff if our current staff feel undervalued as a result of failure to: • recognise and address negative working behaviours such as bullying and harassment • promote a culture of openness, transparency and fairness • deliver a diverse workforce that is representative of the population that it serves • address the demand and capacity in the system.
We will listen to and work alongside service users, carers, staff and stakeholders	We have not established waiting times and monitoring arrangements for all our individual areas, which may result in patients deteriorating and requiring hospital care. 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. 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 services 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'.

During 2019/20, the Trust 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 monthly cycle of review is as follows:

- Monthly performance is reviewed at the newly established Performance Delivery Group, consisting of Executive and Associate Directors.
- Presentations of performance are given regarding overall performance and one service area in full to the joint committee (assuming this continues to meet).
- 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.
- The Integrated Performance Report is presented to the Board to provide assurance

The Performance Delivery Group met for the first time in January 2020 and discussed the terms of reference and how this group will interface with other key groups and committees including Operational Management Team, Sustainability Board and Clinical Governance Committee.

Further work is planned to develop the integrated dashboard over the next year to enable a focus on measuring improvement in line with the Trust's Quality Improvement Strategy.

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. The full key performance indicator (KPI) report 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, services 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.

- Intranet-based reporting on national, commissioning, and local priority KPIs as well as providing a library of reports focusing on activity and caseload information, for example length of stay, delayed transfers of care, and organisational reports such as compliance with mandatory training. The reports are refreshed daily to enable proactive management action by operational and corporate teams. These reports have a drill down facility to enable the reports to be viewed at Trust level, divisional level, team level down to service user level (determined by access rights) to support delivery and improvement.

- Service specific profile reports (SPRs) are 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 using the Power BI tool to produce service level reports developed in conjunction with service leads to support operational oversight and decision making. Published reports include Urgent and Acute Care dashboard and Community Mental Health Team (CMHT) dashboard.

- 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 – 56 per cent 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 per cent of people referred to the IAPT service beginning treatment within six weeks of referral and 95 per cent 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.

- The Trust has met the quarterly IAPT Moving to Recovery target of 50 per cent.

- To date the Trust is not meeting the reduction trajectories agreed with its commissioner for reducing out of area bed days. This is due to recognised whole system pressures across primary care, acute care, social care, and mental health services. The Trust has developed an action plan agreed with commissioners that 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.

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.

Learning lessons

There is significant value in considering lessons that were or 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.

This process is designed and structured such that an archive of knowledge (known as the 'BSMHFT Lessons System') is developed and owned by the Trust as a result of capturing information from workstreams, departments and initiatives across the Trust. This process will detail how, at an organisational level, the 'BSMHFT Lessons System' can be used by all services and departments in the Trust to provide benefit in taking previous experiences and best practice into consideration with future initiatives, business changes and or incidents Furthermore, this process embraces the need for collaborative working across BSMHFT by providing a mechanism for learning from the experience and practices whether positive or negative of other services and departments in advance rather than retrospectively.
It is anticipated that the incident room will have sight of all workstreams across the Trust; however there is provision in this process for the incident room to gain sight of lessons associated with initiatives, business changes and or projects the incident room may not necessarily be involved with.

The incident room will take proactive responsibility for accessing relevant information across the organisation and ensure that workstream leads consider relevant lessons based on past Trust-wide experiences.

The PMO own and maintain the 'BSMHFT Lessons System', it is an information archive that is not exclusive to incidents, projects, or initiatives the PMO deliver or assure. On this basis, the system will be promoted across the Trust for use by all employees, including those that may be responsible for delivering initiatives, business change activities and or projects. The PMO will work closely with the Quality Improvement team to ensure lessons learnt are shared.

New developments and achievements

New look drug and alcohol addiction service launched for Solihull

In July 2019 we launched our new look Solihull Integrated Addictions Service (SIAS), which builds further on the work we have done in Solihull addictions services over more than 10 years with our partners Welcome, Aquarius, Changes UK and Urban Heard. The new four-year contract began in April 2019 and the launch event was attended by commissioners, healthcare professionals and other referrers, current and past service users, and members of the local community. The service covers early intervention and prevention, single point of entry, adult treatment services, young person's treatment services and family support and recovery services. Attendees were able to talk to staff and service users and follow a service user's journey from outreach through to treatment and family support into recovery. They also heard from speakers including Councillor Diane Holl-Allen (Portfolio holder, Stronger Communities and Neighbourhood Service Scrutiny Board at Solihull Metropolitan Borough Council), Sangeeta Leahy (Deputy Director of Public Health at the Council) and Dr Ed Day, Clinical Lead for the SIAS partnership and the government's Drugs Recovery Champion.

New community mental health hub for Solihull opens its doors

In November 2019 Councillor Flo Nash, the Deputy Mayor of Solihull, Sue Davis, our Trust Chair, staff, service users and stakeholders all came together to celebrate the opening of the new Solihull community mental health hub at the Maple Leaf Centre. Renovation work on the former John Black Centre began in October 2018 and the entire building has been refurbished, with input from service users, carers and Trust governors, to provide a modern, comfortable, purpose built environment for our community mental health services in Solihull.

Blended Women's Service launched at Ardenleigh

Our new Women's Blended Service officially launched in July 2019. This two year pilot combines three existing wards at our Ardenleigh site so that there is a mixture of low and medium secure wards, a combination that aims to allow a quicker discharge of service users to our community team's care, supporting them towards living an independent life. Local charity, Anawim, is supporting the service by providing counselling and peer support across the site as well as group therapy sessions at its base in Balsall Heath. Our Forensic Intensive Recovery Support Team (FIRST) are vital to the new service as they are working with service users who are at the stage of moving back into the community, to develop a bespoke plan of treatment. Close links with accommodation providers mean we can offer intensive package of care to those being discharged into the community to prevent re-admissions to hospital.

Reducing out of area placements

Our Out of Area Bed and Service User Project aims to reduce the number of service users that are unable to be cared for in Birmingham or Solihull and are placed out of the area, sometimes at a significant distance from their homes and families.

We aim to reduce the number of out of area placements to zero by March 2021, with a service user going out of area to be a last resort and something to be avoided if possible. This will be achieved by using our beds for the most in need and supporting the home treatment, assertive outreach, and community teams to effectively support service users in their own homes. We are working closely with our clinical commissioning group colleagues on this project.

Working with our local partners we are developing more alternatives to admission and signposting to alternatives as early as possible so that service users can access initial treatment quickly without the need to come into hospital. Two of five planned crisis cafes have been opened so far, operated by Birmingham Mind, and two crisis houses will open during 2020. In addition, a bed and flow status dashboard are being reviewed with a view that this could be launched before the summer of 2020 to give much greater visibility to in patient flow and demand. Work to date also includes piloting new ways of working to reduce variation in home treatment and a new approval procedure to avoid service users being moved unnecessarily between wards, as these moves have been shown to increase length of stay. We are planning holiday cover for medical leads more effectively to prevent a reduction in discharge rates during these periods and working to remove other barriers to discharge.

Gatekeeping admissions out of hours is also helping us to reduce inpatient admissions where a different treatment pathway is more appropriate.

Veteran Aware accreditation for armed forces support

In October 2019 we became one of the latest NHS providers to be named as Veteran Aware, for our commitment to improving care for veterans, reservists, and members of the armed forces community. The accreditation, from the Veterans Covenant Healthcare Alliance (VCHA), acknowledges our commitment to a number of key pledges, such as ensuring members of the armed forces community are never disadvantaged when receiving care, training staff on veteran-specific needs, and supporting the armed forces as an employer. This followed the launch in the previous financial year of our Veterans' Complex Treatment Service which covers the whole of the West Midlands.

The first NHS mental health trust to achieve stage 5 international accreditation

During the year we became the first NHS mental health trust to achieve HIMMS Stage 5 accreditation using the Electronic Medical Record Adoption Model, which allows organisations to track their progress in adopting electronic patient record technology. This accreditation builds on our history of digital innovation and developments as well as our ongoing dedication to digital programmes of work through the Global Digital Exemplar Programme.

Launch of our new Family and Carer Strategy

We launched our new Family and Carer Strategy in the summer of 2019. As a Trust we are fully committed to developing and supporting the empowerment of families and carers. This strategy explains how we will support our families, carers, and service users, and how staff throughout the Trust will ensure that our guiding principles for family and carer involvement are met.

Crowdsourcing introduced to give staff a voice in the Trust's future

Your Voice, our creative new social-media style platform, was launched in September 2019 to give everyone in the Trust the chance to shape our future. More than 1,000 staff signed up in the first few weeks to the online idea sharing platform that allows everyone to comment, create and drive change. This can be on any device inside or outside of the Trust so enables staff to have greater flexibility in how they engage. The launch coincided with a wide-ranging programme of engagement in our Trust Strategy for 2020-2025 and supplemented face to face engagement through seeking colleagues' views on areas such as our values and behaviours, financial sustainability, future demand and capacity and quality. Alongside this staff use the system to share their own ideas and seek the views of colleagues including suggestions to improve environmental sustainability, support staff and reduce waste.

An award-winning Trust

During the year staff and teams have been recognised by numerous awards programmes. These included:

- Lakhvir Rellon, Head of Community Engagement, was presented with the Senior Champion of the Year award for Stonewall Midlands at the Workplace Equality Index 2019 Midlands Regional Awards in May 2019.
- Katy Chachou and Dr James Reed were shortlisted in the NHS Parliamentary Awards for their work in peer support and digital innovation respectively and attended the ceremony in July 2019.
- Dr Reed was also shortlisted in the CCIO of the Year category in the Digital Health Awards and was joined on the shortlist by Carl Beet in the CIO of the Year category.
- In June 2019, a poster about our Elders project, designed by Kimberly Shamku and other colleagues from our Tamarind site, was named best project presentation at the British Psychological Society Conference.
- A partnership between our Trust and the National Trust's Birmingham Back to Backs that supports those living with dementia with by holding 'reminiscence sessions' won two awards at the West Midlands Museum Development's Volunteer Awards.
- Steve Gilbert, one of our services users and an inspirational serious mental illness living experience consultant, was awarded an OBE in November for his work as Vice Chair for the Independent Mental Health Act Review.
- Our NHS Veterans' Mental Health Complex Treatment Service was credited with the Armed Forces covenant Bronze Award which promotes organisations that are armed forces friendly.
- Our Trust won a Mental Health Star at the Thrive Awards 2020 for our work on the Bedlam Festival 2019 in partnership with Birmingham Repertory Theatre, the MAC, and Sampad.

Summerhill Services Limited

Our strategic ambitions

We aim to be the preferred supplier of high quality, efficient, clinically focused 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 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 company continued its business expansion through the year with a number of significant acquisitions which enables the company to expand the business support services it can offer to its parent, Birmingham and Solihull Mental Health NHS Foundation Trust and to other NHS organisations.

The principal activity of the company remains primarily the same, to provide a managed property service and an outpatient pharmacy dispensing services for the parent, Birmingham and Solihull Mental Health NHS Foundation Trust. Following the acquisitions, 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 strategy is to provide efficient, clinically focused 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.

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 company provides a managed property service, transport services, PFI management and consultancy services as well as a pharmacy dispensing service to the outpatients of the parent NHS organisation and several external NHS Trusts.

The subsidiary operated its eighth full year of trading between 1 April 2019 and 31 March 2020. The company now owns, leases, contract manages 48 clinical sites across Birmingham. For most sites, the company provides a full range of high-quality back office functions 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 9 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.

The company also derives additional revenue from delivering consultancy services and contracts to external NHS Trusts. In addition, 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.

With the expansion of the company's services, the company strategic plan for 2020-2023 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 three years.

Key partnerships and alliances

Birmingham and Solihull Sustainability and Transformation Partnership (STP)

We have made an active and important contribution to the development of the Birmingham and Solihull Sustainability and Transformation Partnership's Long Term Plan. We have supported engagement with key stakeholders such as local leaders, non-executive directors and governors. Staff and leaders in our older people's mental health services have also continued to be fully involved and engaged in the STP's work to improve the care and experience of older people in Birmingham. More detail on the STPs work can be found at livehealthylivehappy.org.uk.

Birmingham and Solihull Mental Health Partnership

Following a successful round table event in 2018, that brought together leaders from the NHS, local authorities, universities, schools, third sector and private sector, the Birmingham and Solihull Mental Health Partnership was launched on 31 January 2019. Our purpose was to engage local leaders from the private, social, and public sectors in improving the mental wellbeing of our citizens. The aim was to provide thought leadership, enable partnership working and promote innovation across sectors. The first of four think tank events was held in March 2019 to discuss a joint approach suicide prevention. This was followed during 2019/20 by three further think tanks covering prevention of mental illness and crisis, mental health in the community and mental health in the workforce. The topic areas had been identified as priorities by the STP, the local Health and Wellbeing Boards and our Clinical Senate. The sessions were very well received, and attendance steadily increased throughout the year.

Of the participants, 59 per cent worked in the public sector, 33 per cent in the community or voluntary sector, and 8 per cent in the private sector. Feedback from a survey issued in early 2020, identified that most participants felt they had a greater understanding of mental health after attending the sessions. The main benefits identified of attending were the opportunities to contact others, raising awareness of mental health and being provided with tools and ideas to use in the workplace. Hearing the local and national context and the focus on equality and diversity were also mentioned as helpful.

As a result of attending the sessions, participants stated that they had formed new partnerships, increased what they did around mental health, made changes to their working practice and contributed to wider strategies. More than 90 per cent of respondents said the partnership should continue.

Our involvement in Provider Collaboratives across the Midlands

The NHS-led Provider Collaboratives model is based on what were formerly known as New Care Model (NCM) pilots. These pilots trialled new ways of working across mental health providers within local areas. The pilot sites provided specialised mental health services with the aim of reducing the number of people who were cared for out of area and creating the services their population needed through local re-investment. Thanks to its success, this

approach is now being rolled out nationally. Provider collaboratives will be responsible for managing the budget and patient pathway for specialised mental health care for people who need it in their local area.

Our Trust plays an active role in several provider collaboratives across the Midlands. Reach Out, is a partnership in medium and low secure care between our Trust as lead provider, Midlands Partnership NHS Foundation Trust and St Andrew's Healthcare. We are also part of a children and young people's mental health partnership led by Birmingham Women's and Children's NHS Foundation Trust, alongside North Staffordshire Combined Healthcare NHS Trust, Black Country Partnership NHS Trust and Schoen Clinic. In addition, Midlands Partnership NHS Foundation leads a partnership on Eating Disorders in which our Trust, Coventry and Warwickshire Partnership NHS Trust, North Staffordshire Combined Healthcare NHS Trust, Black Country Partnership NHS Trusts and The Priory are involved.

Having been the longest standing of the above partnerships, Reach Out has seen some real benefits to being responsible for the commissioning budget. The collaborative has been able to invest in services to enable more patients to be looked after in the community enabling the freeing up of inpatient beds to allow patients to return from out of area beds back to the West Midlands.

All collaboratives will be live by April 2021 and will be responsible for commissioning of services moving forward. We are currently awaiting confirmation of a fourth collaborative between our Trust, Coventry and Warwickshire Partnership NHS Trust and Lincolnshire Partnership NHS Foundation Trust to provide a two-year pathfinder high intensity service for veterans.

Mental Health Through Sport

'Mental Health Through Sport' is a series of one-day symposia based on a partnership between Newman University, our Trust, Sport Birmingham, and the West Midlands Combined Authority. These events aim to share practice, culture, and experiences of using sport to enhance mental health and wellbeing. Each symposium is open to anyone who has an interest in mental health and sport. They aim to bring together participants from projects/initiatives, academics/researchers, staff from sporting organisations, service users and staff from health services, charities, sports clubs, local/national government and anyone else who wants to share ideas and experiences.

There will be one symposium each year, with the aim to have an increasingly international focus that shall lead towards the Commonwealth Games in 2022, also hosted in Birmingham. Following the first very successful symposium held in December 2018, the second in December 2019, was also full.

MERIT

The MERIT programme consists of the five NHS trusts in the West Midlands conurbation who provide specialist mental health services, and was originally one of 50 'vanguards' supported by NHS England to deliver new models of care. The collaboration has continued beyond the end of NHS England funding and all partners are committed to joint working across the West Midlands on the key issues and opportunities for mental health services.

Research and innovation

It has been another successful year for research and innovation in the Trust. We brought in a slightly increased amount of external funding against forecast at £1.53m and regionally, we received the highest amount of Research Capability Funding (RCF), totalling £132,259k.

We maintain a strong partnership with the Institute of Mental Health at the University of Birmingham and are in the process of strengthening our affiliation with Aston University. We have submitted grant applications more than £8m and have successfully been awarded over £2.8m in grants this year with the income to be realised in 2020/21 and beyond.

We reviewed and approved 32 research studies in year across 23 Trust sites: with FIRST and Psychiatric Decision Unit opening their first studies. This meant that with 16 ongoing studies, we actively facilitated 47 studies in year.

We supported 32 Principal Investigators (PIs) to approve projects with 9 'new to portfolio research' and an increased representation of non-medic PIs. With 14 new PIs last year, we are continuing to increase our research investigator base and therefore our ability to deliver more research to our service users.

We continue to review and approve service evaluations across the Trust, ensuring information governance and ethical requirements are met. In 2019/20 we approved 42 projects with the majority of these being in Secure and Offender Health and Integrated Community and Recovery.

In collaboration with Katherine Allen, the Trust's lead for recovery, service user, carer and family experience, we have now successfully established a LEAR (Lived Experience Action Research) group. This group comprises service users, carers, and staff, all of whom have lived experience in either a personal or caring capacity. All members of the group have an invested interest in research and are keen to help shape research within our Trust. The group meets once a month and members have already been involved in giving their views on research protocols that are in the early stages and we have seen a handful already successful at obtaining grants. The group are also hoping to carry out their own research in the future and have ongoing tailored training to increase their research knowledge, skills, and confidence.

We have produced 71 publications in peer reviewed journals.

Finally, in 2019/20 we have achieved the following against our NIHR (National Institute for Health Research) objectives:

- Our NIHR recruitment target for the year was to recruit 876 new participants to portfolio research. From the outset as a department we knew this was not achievable based on the existing and projected research studies coming through the portfolio, as such a target of 400 we felt was more realistic.
- At last count, our recruitment for this financial year is at 417 and may increase further once all studies confirm end of year figures.

- This financial year we have been involved with 5 commercial studies, 80 per cent of which have all recruited to time and target; 3 of which we have been able to over recruit by 400 per cent.
- We remain a top recruiting site for commercial Epilepsy research delivering all studies to time and target and being the top recruiting site for a patient preference study in epilepsy monotherapy.
- 75 per cent of commercial studies recruited the first participant within 40 days post approval.
- We were the best performing mental health trust in the West Midlands, contributing the highest number of recruited participants to dementias, mental health, and neuro studies.
- We continue to be recognised as one of the region's champion supporters of the national Joint Dementia Research Campaign, with the region receiving plaudits from the Director of Nursing for Professional Leadership (NHSI).

We were runners up in the West Midlands Clinical Research Network (WM CRN) 2019 Awards for Team of the Year which was submitted in collaboration with the CRN Primary Care Research Team for the support of the Partners2 study. Two of our researchers achieved WM CRN awards in March 2020 as part of their Chief Investigator Development Programme; one on the Accelerated Research Scholar scheme and the other on the Clinical Research Scholar scheme.

Quality improvement at BSMHFT – empowering staff to take stones out of their shoes and improve quality of care for services users at BSMHFT

The Trust has continued its commitment to continuous quality improvement (QI) and continued its strategic partnership with the Institute for Healthcare Improvement (IHI).

In May 2019 we had our first Trust wide training session on our adopted quality improvement methodology with 80 Trust employees from all levels and procession groups coming together to learn about becoming change agents in the Trust.

In June 2019 the Quality Improvement Team launched our successful "Breaking the Rules" campaign where we asked staff across the Trust to come forward with suggestions for rules in their workplace that they wanted to break if they felt were unnecessary or prevented them from completing their day to day work. We had 130 suggestions and the team is working to help make the changes needed to break some of the rules.

In July we recruited additional members to the Quality Improvement Team and quality improvement was a focus at the Trust's Annual General Meeting where workshops were facilitated on the Model for Improvement.

In October 2019 90 additional members of staff took part in Wave 2 of the Improvement Science in Action Training to broaden workforce capability and capacity. On 30 October we launched the BSMHFT Training Academy which began with our first half day Bronze level award.

November 2019 saw IHI return for their first annual visit and some of their key findings included reporting that the Board was leading the transformation of the Trust well; they were pleased to see a co-design approach across the Trust on shared values; there was evidence of senior leader presence across the Trust which was essnetial in establishing a quality improvement culture.

There were also a further 25 members staff commenced on Improvement Coach training. We recognise the need to include the people who receive our services or care for those that do, this is a fundamental part of quality improvement. We are currently working close with our Lead for Recovery and Service User, Carer and Family Experience to ensure we have the right approach to increase our service user and carer participation in all aspects of quality improvement.

There are currently 65 projects underway with in the Trust and these include:

- Within Acute and Urgent Care, a reduction of wasted bed days.

- Within Corporate areas projects include implementing a duty of candour and reducing the response time for freedom of information requests.

- In Integrated Community and Recovery Services the projects include improving the call response rate to service users within a community mental health team, the collation of communication preferences and involvement in the personalised care national collaborative

- Secure Care and Offender Health has topics on physical health, quality of risk assessments

- In the Specialities directorate projects include improving waiting times for appointments, reducing “did not attend” and improving access to the B-polar Services Mood on Track course.

Looking to the year ahead, we will be continuing to build capability and skills to deliver quality improvement progress and we will be expanding the QI Academy and we will be opening up our training to service users, families and carers involved in QI projects.

Financial performance

Summary financial accounts

This section provides a commentary on our group financial performance for the financial year 2019/20. It provides an overview of our income, expenditure, cash flows and capital expenditure in the year. We ended the year with an deficit of £4.8m (before exceptional items), compared to a planned surplus before exceptional items of £1.4m. Exceptional items for the year were £1.9m of impairments as a result of a change in market value of land and buildings.

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.

This has continued to be a challenging year financially for the Trust as well as the wider NHS. We were required to make significant savings of over 6 per cent across our organisation but at the same time safeguard the safety and quality of our services and patient experience. While our contract income grew by 2.7 per cent in line with the national tariff inflator, most of this was to deal with the impact of the pay awards agreed a year ago and left little for investment. This has meant we have had to carefully look at all our services, clinical and corporate, and how they can be provided in the most efficient way. We have also looked at how we work with other healthcare organisations. Our savings plan at the start of the year was to deliver £14.7m of cost savings during the year, £9.1m of savings have been delivered (3.5 per cent of income), although much of this was non recurrent and thus the shortfall will be carried forward into 2020/21.

Our year end position is an operational income and expenditure deficit of £4.8m before considering any exceptional items, compared to a planned surplus before exceptional items of £1.4m. This included £1.326m of funding for Mental Health Providers and Provider Sustainability Fund (PSF) for quarter 1 of 2019/20 of £0.3m from NHS Improvement. The group shows a deficit of £6.8m including exceptional items, because of £1.9m of impairments due to a change in market value on group land and buildings. This item is excluded for reporting the Trust position against its control total.

Table 1: Consolidated financial performance 2019/20 and 2018/19

	2019-20	2018-19
Income from activities	**235,719**	**222,533**
Other operating income	27,476	25,351
Total income	263,195	247,884
Operating expenses	(252,443)	(229,413)
EBITDA	10,752	18,471
Capital financing costs	(15,299)	(14,634)
Revaluation/(impairments)	(1,911)	(8,897)
Profit/(loss) on asset disposal	0	0

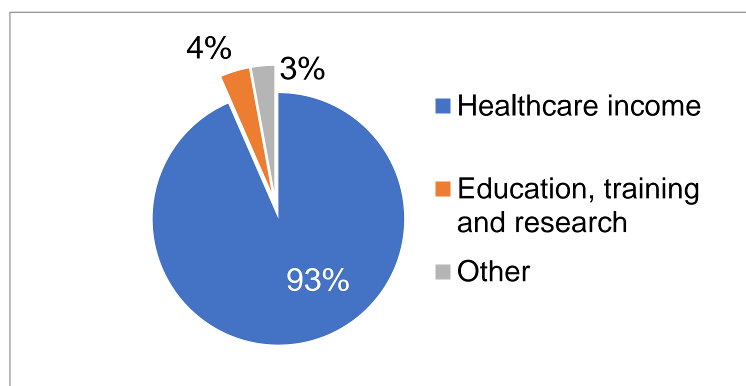
	2019-20	2018-19
Corporation Tax	(301)	(143)
Surplus/(deficit) including exceptional items	**(6,759)**	**(5,203)**
Exceptional items:		
(impairments)/Revaluation	1,911	(8,897)
Costs of exceptional restructuring	0	0
Operating surplus/(deficit) excluding exceptional items	**(4,848)**	**3,694**
Control Total Basis:		
Profit/(loss) on asset disposal	0	0
(impairments)/Revaluation	1,911	(8,897)
Operating surplus/(deficit) on control total basis	**(4,848)**	**3,694**
Operating surplus margin	-1.84%	1.5%
EBITDA margin	4.09%	7.5%

Income

In the financial year 2019/20 the group generated income of £263m. We had an income inflator applied by our commissioners to our healthcare income contracts of 3.8 per cent with an efficiency factor of 1.1 per cent. This was in line with all NHS providers.

The chart below shows a breakdown of our income. Most of our income (93 per cent) 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 approximately4 per cent 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.

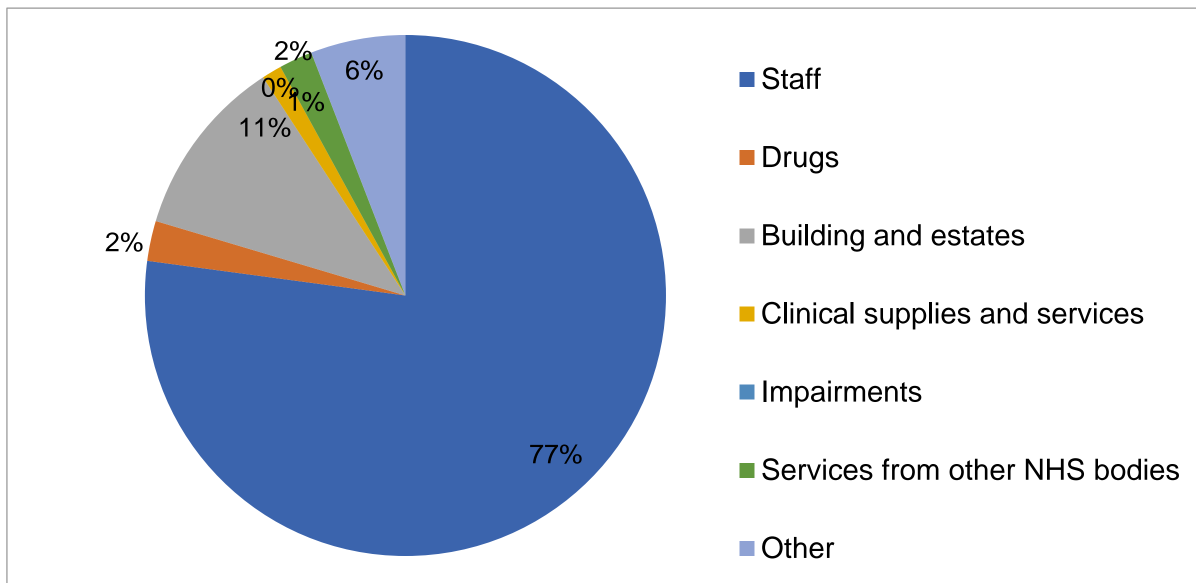
Figure 1: Where BSMHFT's income comes from – 2019/20



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 2020/21.

Figure 2: What expenditure was incurred by BSMHFT – 2019/20



Cash flow

At the end of the financial year we have a cash balance of £14m.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 £7.412m in our assets in 2019/20. This is comprised of £2.877m in our IT infrastructure and new ways of working, £1.245m in backlog maintenance and ensuring our buildings complied with statutory standards and £3.290m in other projects to modernise our estate and ensure it is fit for purpose.

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 £1.911m and an overall impairment charged to the revaluation reserve of £0.481m. This exercise does not have an impact on our cash and ensures that the true value of the Trust's assets is recorded in the balance sheet and assists in future financial planning.

External audit

The Council of Governors appointed Mazars LLP as external auditors of the Trust for the three years commencing 2019/20 following a competitive tender exercise. (Previous Years Auditors were PricewaterhouseCoopers LLP (PWC).The audit fee for the year ended 31 March 2020 was £42.3k (2018/19: £50.6k) for the Trust's annual report and accounts, £0k (2018/19: £7.4k) for the Trust's quality accounts (due to the changes in the requirements re COVID-19), £10k as a one-off to cover the SSL transaction, and £12.0k (2019/20: £8.0k) for Summerhill Supplies Limited totalling £64.3k (£66.0k for the year ended 31 March 2019) 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, an reports the outcome of that review to the Council of Governors, together with a recommendation as to whether the external auditor should be re-appointed for the following year (depending on the length of the contact in place).

Public sector pay policy

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

Table 2: Better Payment Practice Code performance

	2019/20 Number	2019/20 £'000	2018/19 Number	2018/19 £'000
Total NHS invoices paid in the period	579	10,242	380	8,104
Total NHS invoices paid within target	565	10,190	373	8,080
Percentage of NHS invoices paid within target	97.6%	99.5%	98.2%	99.7%
Total non-NHS invoices paid in the period*	40,537	98,768	37,004	90,184
Total non-NHS invoices paid within target	38,787	97,111	35,326	88,726
Percentage of non-NHS invoices paid within target	95.7%	98.3%	95.5%	98.4%

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 most 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 low.

Looking forward

Looking forward to 2020/21, 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 changes in the contractual arrangements for the first four months of 2020/21 and we have thus not been able to finalise contracts in the usual way. 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: Victoria Dutton, Counter Fraud Specialist, TIAA, tele: 07826 858746, email victoria.dutton@tiaa.co.uk or NHS email vdutton@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 on page 56. 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.

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

Community engagement

We have a dedicated community engagement team working in partnership with community organisations.

Community Elders have been recruited from various backgrounds including faith, sports and music to support BAME users during admission in Secure Care. By providing one-to-one support and group socials, service users will be supported through community integration and involvement, including service users' period of transition from hospital to discharge into the community.

Broadcasting to over 11,000 people, "What shape are you in" is a BSMHFT led radio and media broadcast on Unity FM designed to promote mental health awareness within local multi-ethnic communities. Professionals and users from diverse range of services share knowledge and expertise in mental and health and wellbeing.

A three-year Lottery funded partnership with Birmingham Repertory Theatre, First Class Legacy, and Centre for Mental Health. Shifting the Dial is developing a Birmingham-based brotherhood of 300 young African Caribbean Men who feel mentally stronger and healthier.

Working with families brought to Birmingham via the Syrian Vulnerable Persons Resettlement Scheme (SVPR) we are providing support to a community which has experienced and witnessed trauma, violence, and the effects of war, as well as displacement from their homes. In addition, we are supporting partner agencies that are helping refugees to make this transition less stressful and as smooth as possible. Core objectives for BSMHFT are to:

- develop mental health resilience and strengthen capacity of 200 refugees
- develop capacity of 90 practitioners across sectors working with Syrian refugees to better understand and address their needs
- develop a therapeutic model for practitioners to work with Syrian refugees.

In January, Bedlam Festival 2019 (our partnership with Birmingham Repertory Theatre, the MAC, and Sampad) won a Birmingham Mental Health Star Award in the team category. The Bedlam Festival promotes mental health and wellbeing through the arts. The festival team worked collaboratively with service users, clinical staff, venues, students and university staff, media, artists, and local businesses to generate funds, build empathy, and deliver maximum impact on the issue of mental wellness. Over 30,000 people were captivated by dozens of performances and exhibitions, including the dramatisation of the highly stigmatised subject of perinatal mental health issues affecting the South Asian community.

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 2019 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 2019/20

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

This report will, as always, include performance data for the financial year (in this case 2019/20) along with a comparison against previous years. It must be noted with the challenges of the Coronavirus pandemic at year end the data provided in this report has not been as robustly tested as would be the norm. Indeed, current challenges that exist with utility suppliers regarding consumption and costs at a few of our sites (over/under charges) have not been resolved at this time. Therefore, for completeness, data has been apportioned/extrapolated where necessary within this report.

By way of overview the Trust has continued during 2019/20 to underpin its redevelopments and refurbishments with, where it can, environmentally friendly and 'greener' solutions, making sustainability core to working practices and developments rather than being isolated as part of start and finish projects.

The Trust (SSL) is still nationally recognised for sustainability having recently been asked (by way of example and prior to the start of the pandemic), to support an East Midlands trust on its sustainability agenda, engagement, reporting and for example how our Trust has delivered 98 per cent recycle or recovery from waste with only 2 per cent going to landfill – this far exceeding targets.

The report will also consider the impact of the current pandemic and the positive opportunities that could be 'born' out of this national crisis.

Performance analysis – carbon management

Our performance against core sustainability components during the 2019/20 financial year has again been strong although our CO_2 equivalent of 10,163 tonnes represents a slight increase against 2018/19. The Trust still has a cumulative decrease of 18 per cent against our own 2007/08 baseline.

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
2015/16	10,139	833	15	10,987
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	723 (estimate as data not available currently)	11	10,163

The Trust has been working towards the statutory target for CO2 reduction being a 34% reduction by 2020 (against a 1990 baseline). The 34% reduction target (1990 baseline) being a European Union target and not a direct NHS target. NHS Trusts need to continue to reduce carbon omissions in support of this challenging target, this being despite the fact that many Trusts (inc BSMHFT) do not hold 1990 baseline data as the Trusts as they are today at this time simply did not exist. The Trust / SSL will need to consider new targets as part of the Sustainable Development and Climate Change Strategic review due during 20/21.

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

Waste management data is held by the specialist contractors in tonnage and is normally provided annually or post year end. Given the current need for such critical operational services to continue during this pandemic the contractors have prioritised services away from back office functions, meaning this data is not readily available.

Also pertinent to data is that SSL on behalf of BSMHFT has just re tendered both the domestic and clinical waste service contracts, appointing a new domestic waste contractor who commenced services very efficiently from 1 April 2020 (clinical waste new contract effective from 1 July 2020). To that end the domestic waste data is based on 2018/19 volumes as the estate and collection schedules have remained constant during 2019/20 year with the financials being increased in line with percentage industry uplifts. For clinical waste accurate data for months 1-10 has been extrapolated for full year effect.

Therefore in 2019/20 the Trust remained consistent in that 98 per cent of the waste produced by or within BSMHFT was either recycled or sent for energy recovery with only 2 per cent of the waste produced by the Trust going to landfill. This is a significant achievement and keeps the Trust very close to that aspirational zero per cent landfill milestone that many are trying to achieve.

Waste	Non-financial 2018/19	Non-financial 2019/20
Total waste arising	1013 tonnes	990 tonnes
Waste sent to landfill	26 tonnes	25 tonnes
Waste recycled	618 tonnes	599 tonnes
% of waste recycled / recovery	98%	98%
Waste incinerated (waste to energy)	369 tonnes	366 tonnes

	Financial data 2018/19	Financial data 2019/20
Total expenditure on waste disposal	£165,899	£173,098

It is anticipated the newly tendered contracts (away from the current massive additional demand on waste services during this pandemic) will deliver further environmental improvements and recycling or recovery opportunities whilst at the same time mitigating cost increases.

Finite resources (electricity, gas, and water)

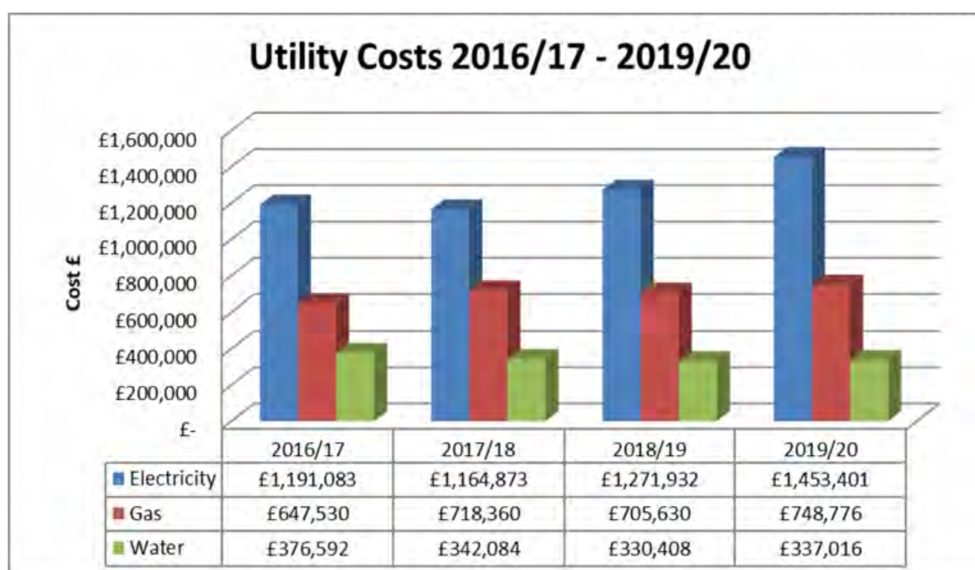
The supporting graphs below and overleaf demonstrate how:

Gas consumption and costs

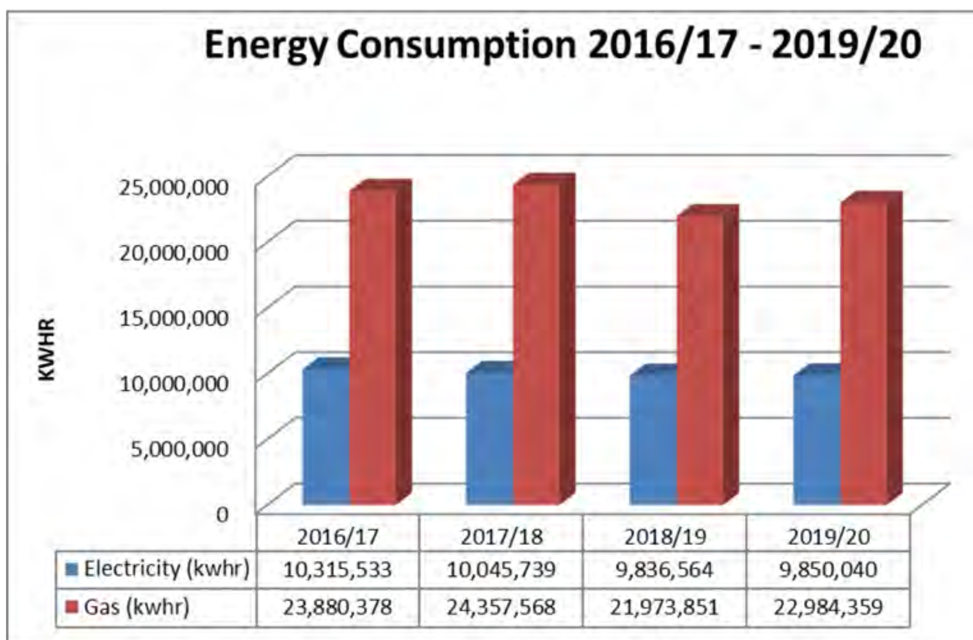
- Gas consumption in 2019/20 was 4 per cent higher than in 2018/19.
- However the degree day data that records ‘set points’ across the UK determining when heating would be needed identified a 3 per cent increase in days when heating would normally become required, thus suggesting when ‘levelled’ that our consumption was consistent with that of 2018/19.
- Financially this represents expenditure of £748,776, an increase of 6 per cent against 2018/19 which includes tariff increases.

Electricity consumption and costs

- Electricity consumption in 2019/20 was consistent with that in 2018/19. This being anticipated given a stable estate, no additional significant investment in energy saving / onsite renewable energy and a year without too many weather extremes (those that could directly attribute to energy consumption).
- Over 50 per cent of the electricity purchased being supplied via ‘green energy solutions’.
- Financially the electricity expenditure in 2019/20 of £1,452,401 was in line with the 13 per cent price increase anticipated and budgeted for at the start of the financial year. This increase in the main being driven by the significant increase associated with the ‘non-energy’ costs of transmission, availability and the numerous green / renewable tariffs charged against electricity
- These non-energy costs represented some 65 per cent of a normal bill.



	2016/17	2017/18	2018/19	2019/20
Electricity	£1,191,083	£1,164,873	£1,271,932	£1,453,401
Gas	£647,530	£718,360	£705,630	£748,776
Water	£376,592	£342,084	£330,408	£337,016



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 cases developed and hopefully actioned jointly by Trust procurement and SSL management.
- To move all sites where SSL either own or provide a fully managed service to BSMHFT out of the Trust portfolio for energy provision and into SSL (this has been actioned although it will be the end of May 2020 before invoicing and accountability can be verified and / or challenged as necessary).

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 per cent 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.

Therefore, 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

This section will normally refer to some of the main achievements in the reported year whilst at the same time considering our underpinning priorities for the following financial year. However, this year this section will focus in brief on what in sustainability and environmental efficiencies terms is a real potential 'Game Changer' – That being the COVID-19 pandemic. This pandemic (for all the wrong reasons) is showing businesses / industry and 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 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 are virtually empty. 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 ..….. 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
    - less desks in offices, means less sites potentially needed, massive financial saving potential
    - less travel, less fuel, less sites, and less reliance on fossil fuels, making use of the technology that is available.

- Patient engagement – as already endorsed by our Chief Executive, the ability to engage and provide care differently by embracing technology will again not only enhance our services but also deliver environmental efficiencies and carbon reduction, for example 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

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 and 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-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
24 June 2020

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 10 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. In September 2019, the Company Secretary conducted a review of the governance arrangements of the Trust during 2019, based on the “The Healthy NHS Board”, the review included review of the board sub-committees. The review was presented to the Board in form of challenges.

In March 2020, GGI reviewed the findings of this review and provided their own independent and best practice view, using their methodology and programme of work as agreed with the project. The outcome of this review is expected in May 2020.

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 2019/20 were directors of the Trust.

Sue Davis CBE, Chair

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.

Roísìn Fallon-Williams, Chief Executive

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

Charlotte Bailey, Executive Director of Strategic Partnerships

Charlotte Bailey joined the Trust as Executive Director of Strategic Partnerships in August 2017 and left in March 2020. Charlotte was an experienced strategic leader and spent over eight years at director level in senior teams.

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

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.

Prof Russell Beale, Non-Executive Director

Prof Russell Beale joined the Trust as a non-executive director on 1 January 2017 He has a wealth of experience from his 25 years at the University of Birmingham, where he is currently Professor of Human-Computer Interaction (HCI) and Director of the HCI Centre, a major centre focusing on designing and developing the digital future. Prof Beale has achieved worldwide recognition for his work on using artificial intelligence to assist interaction between users and technology, is a Chartered IT Professional and Visiting

Professor at the University of Swansea. He also has commercial and management experience, having held senior positions in both large and small technology organisations and founded six hi-tech companies. *Russell is Chair of the Finance, Performance and Productivity Committee.*

Dr Linda Cullen, Non-Executive Director

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

Note: Mr Barry Henley, was Non-Executive Director on the Board of Directors until May 2019.

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 10 meetings held during 2019/20 and due to the COVID-19 pandemic, met via video link in March 2020.

Name	Title	Attendance
Susan Davis	Chair	9/10
Joy Warmington	Non-Executive Director/Vice Chair	8/10
Waheed Saleem	Non-Executive Director/Senior Independent Director	9/10
Linda Cullen	Non-Executive Director	8/10
Philip Gayle	Non-Executive Director *(from October 2019)*	5/5
Barry Henley	Non-Executive Director *(until May 2019)*	1/1
Russell Beale	Non-Executive Director	10/10
Gianjeet Hunjan	Non-Executive Director	8/10
Roísìn Fallon-Williams	Chief Executive	10/10
David Tomlinson	Executive Director of Finance	10/10
Vanessa Devlin	Executive Director of Operations	10/10
Susan Hartley	Executive Director of Nursing	9/10
Hilary Grant	Executive Medical Director	9/10
Charlotte Bailey	Director of Strategy, People and Partnerships *(until March 2020)*	6/8
Susan Young	Interim Director of Strategy, People and Partnerships *(from 26 March 2020)*	0/0

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 2019/20, the Remuneration Committee received notice of the resignation of Charlotte Bailey, Director of Strategy, People and Partnerships, and agreed an interim appointment to the role, Susan Young. Brendan Hayes, Chief Operating Officer/Deputy Chief Executive resigned in April 2019 and the Committee appointed an interim Executive Director of Operations, Vanessa Devlin in May 2019. Following an external recruitment campaign, Vanessa Devlin was appointed as substantive Executive Director of Operations in August 2019.

Mr Barry Henley, Non-Executive Director, resigned from the Trust in May 2019. The Nomination and Remuneration Committee appointed Mr Philip Gayle in his place. The standard length of appointment for a Non-Executive Director is for a three-year term and Mr Gayle commenced his term in October 2019.

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 and Linda Cullen. Phil Gayle became a member in December 2019 with Russell Beale leaving the Committee in December 2019. The Committee met 4 times in 2019/20.

Member	May 2019	July 2019	October 2019	Jan 2020
Gianjeet Hunjan	✓	✓	*A*	✓
Philip Gayle				✓
Waheed Saleem	✓	✓	✓	*A*
Linda Cullen	✓	✓	✓	*A*
Russell Beale	*A*	*A*	✓	

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 18th June 2020 to consider the financial statements for the period 2019/20 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 2019/20 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 *(please see page 85).* 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 2019/20 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 2019/20, which include:

- We held one Joint Board/Council development meeting with our Non-Executive Directors in May 2019 with the purpose to build a more cohesive and informed Council of Governors.

- 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 2019/20, key activities of the Council of Governors and Governors have included:

- raising assurance questions and concerns
- Non-Executive Director appointments
- participation in recruitment panels
- presentation by the Lead Governor at the 2018/19 Annual Members Meeting
- attendance at national networks and conferences.

Composition of our Council of Governors

The Council of Governors comprises three main constituencies:

- five public governors
- four carer governors
- three staff governors
- four service user governors
- seven stakeholder governors.

The Council of Governors comprises 23 members.

Membership of the Council of Governors 1 April 2019 – 31 March 2020

Public elected governors			
Name	**Constituency**	**Appointment**	**End of term**
Khalid Ali	Birmingham	November 2014	November 2020
Robert Dalziel	Birmingham	November 2014	November 2020
Philip Jones	Birmingham	November 2014	November 2020
Hazel Kench	Solihull	August 2014	August 2020
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
Ed Freshwater	Clinical Non-Medical	July 2018	Resigned December 2020
Nigel Davies	Clinical Non-Medical	March 2020	March 2023
Service user governors			
Faheem Uddin	Birmingham	October 2011	October 2020
Mustak Mirza	Birmingham	April 2017	April 2020
Carer governors			
Maureen Johnson	Carer	May 2013	March 2022
Anthony Brookes	Carer	January 2015	March 2022
Natasha Day	Carer	March 2019	March 2022
Stakeholder appointed governors			
Jim Chapman	Birmingham City University	September 2017	September 2020
Maureen Smojkis	University of Birmingham	November 2011	November 2020
Cllr Mick Brown	Birmingham City Council	September 2013	September 2020
Cllr Ken Meeson	Solihull Council	September 2019	September 2022
Natalie Allen	Council for Voluntary Services	November 2016	November 2022
Vacancy	West Midlands Police		

Council of Governors meeting attendance 1 April 2019 – 31 March 2020

Name	May 2019	July 2019	Sept 2019	Nov 19	Jan 20	Total
Sue Davis	✓	✓	✓	✓	✓	5
Faheem Uddin	✓	✓	✓	✓	✓	5
Maureen Johnson	✓	✓	✓	✓	✓	5
Peter Brown	✓	✓	A	✓	A	3
John Kennedy	✓	✓	✓	✓	✓	5
Cllr Michael Brown	✓	A	✓	A	✓	3
Anthony Brookes	✓	✓	✓	A	N	3
Ed Freshwater	✓	A	N	N	-	1
Natasha Day	✓	A	✓	A	✓	3
Mustak Mirza	O	✓	✓	✓	✓	4
John Travers	O	✓	✓	✓	✓	4
Hazel Kench	A	✓	✓	A	✓	3
Khalid Ali	N	✓	✓	N	N	2
Robert Dalziel	N	✓	N	A	N	1
Philip Jones	N	N	N	✓	A	1
Jim Chapman	A	✓	N	N	✓	2
Maureen Smojkis	A	A	✓	✓	N	2
Natalie Allen	M	M	A	✓	✓	2
Cllr Ken Meeson			✓	A	✓	2

✓ *Attended Meeting*
A *Apologies*
– *No longer a Council Governor*
N *Non-attendance*
O *Attended the National Governance Conference*
M *Maternity Leave*

Governor sub-groups

Appointments and Remuneration Group

The Appointments 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 Appointment 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 – October 2019 the Appointments and Remuneration Group were involved in the appointment of one Non-Executive Directors. The work undertaken by the Group resulted in the appointment of a new NED, Mr Philip Gayle.

The Appointments and Remuneration group met on 5 occasions during 2019/20 in May, July, September, and November 2019. It also met in January 2020.

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 2020, the membership stood at 12,475 overall (6,370 public,1,389 patient and carers and 4,716 staff). This compares with an overall figure of 12,655 as at the end of March 2019.

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

Element	Purpose and link to strategic objectives	Operation
		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 2019, 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, 210 people who are classed as decision making staff were asked to provide declarations by 31 March 2020. Of these, 70 have provided declarations and 140 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 received the outcome of all appraisals for the Chair and Non-Executive Directors' the Succession Plan for Non-Executive Directors and the National Guidance on Chair and Non-Executive Director Remuneration. In November 2019, the Committee discussed the outcome of the appraisal of Russell Beale who was reappointed for a further term of 3 years. In August 2019, the Committee appointed Mr Phillip Gayle as a new Non-Executive Director, replacing Mr Barry Henley on the Board of Directors.

Membership and attendance of Nominations and Remuneration Committee 2019/20

Name	09/05/2019	11/07/2019	24/07/2019	08/08/2019	14/11/2019	09/01/2020
Faheem Uddin	✓	✓	✓	✓	✓	✓
Sue Davis	✓	✓	✓	✓	✓	✓
Maureen Johnson	✓	✓	✓	✓	✓	✓
Maureen Smojkis	✓	A	✓	✓	✓	A
Hazel Kench	✓	✓	✓	✓	A	✓
Dr Jon Kennedy	✓	✓	✓	A	✓	✓

A= apologies given ✓ = attended meeting

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

The gross pay in 2019/2020 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 five times in 2019/2020:

Name	24/04/2019	25/09/2019	06/02/2020
Sue Davis	A	✓	✓
Phillip Gayle			✓
Joy Warmington	✓	✓	A
Barry Henley	✓		
Waheed Saleem	✓	✓	✓
Gianjeet Hunjan	✓	✓	✓
Russell Beale	✓	✓	✓
Linda Cullen	✓	✓	✓

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

The Committee's discussions included approval of the Relationship Policy; the objectives of the Chief Executive and Executive Directors' Pension Tax issue and the approval of the salary for the interim Director of Operations.

Advice was received at some of the remuneration committee meetings by the Chief Executive, Company Secretary, and the Deputy Director of Human Resources.
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 2020					Year ending 31 March 2019				
	Salary	Other remune ration	Benefits in kind	Pension-related benefits	Total	Salary	Other remune ration	Benefits in kind	Pension-related benefits	Total
	(Bands of £5,000)	(Bands of £5,000)	(rounded to nearest £100)	(Bands of £2,500)	(Bands of £5,000)	(Bands of £5,000)	(Bands of £5,000)	(rounded to nearest £100)	(Bands of £2,500)	(Bands of £5,000)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
John Short (Chief Executive Officer – Appointed 1 April 2013–31 March 2019)						*170-175*			17.5 20	190-195
Roísín Fallon-Williams (Chief Executive Officer designate from 1 March 2019)	190 - 195	-	-	-	190-195	10-15	-	-	-	10-15
Hilary Grant (Executive Medical Director - Appointed 1 April 2017)	105-110	55-60	-	85-87.5	255-260	100-105	-	-	62.5-65	220-225
Brendan Hayes (Chief Operating Officer/ Deputy CEO – Appointed 15 July 2013–30 April 2019	10-15			15-17.5	25-30	125-130	-	-	72.5-75	195-200
Vanessa Devlin (Executive Director of Operations) Appointed 29 April 2019	100-105			67.5-70	170-175					

Susan Hartley (Executive Director of Nursing – Appointed 31 March 2014)	115-120	-	-	10-12/5	125-130	115-120	-	-	20-22.5	135-140
Dave Tomlinson (Executive Director of Finance – Appointed 1 April 2017)	125-130				125-130	120-125	-	-	-	120-125
Charlotte Bailey (Executive Director of Strategic Partnerships – Appointed 1 August 2017)	115-120	-	-	27.5-30	140-145	110-115	-	-	25-27.5	135-140
Susan Young (Interim Director of Strategic Partnerships) (Appointed 26 March 2020)	0-5				0-5					
Sue Davis (Chair – Appointed 28 November 2011)	45-50	-	-	-	45-50	45-50	-	-	-	45-50
Philip Gayle (Non Executive Director) (Appointed 1 October 2019(	5-10	-	-	-	5-10					
Linda Cullen (Non-Executive Director) (Appointed 1 January 2019)	15-20	-	-	-	15-20	-	-	-	-	0-5
Nerys Williams (Non-Executive Director – Resigned 30 November 2018						10-15	-	-	-	10-15

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
Dr Barry Henley (Non-Executive Director – Appointed 1 July 2013)	0-5	-	-	-		0.5	-	-	-	15-20
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 2019/2020 and 2018/2019 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 2020 (£58k during year ended 31 March 2019) for non-director responsibilities.										

Fair pay multiple

	31/03/2020	31/03/2019
Band of highest paid directors' total remuneration (£'000)	190-195	170-175
Median total remuneration	30,398	29,197
Ratio	6.33	5.89

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 2019/20 was £190-195k (for 2018/19 it was £170-175k.) This was 6.33 times (and was 5.89 times in 2018/19) the median remuneration of the workforce, which was £30,398K (£29k 2018/19).

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 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

Pension benefits 2018/2019

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
John Short (Chief Executive Officer) (Appointed 1 April 20013 – 31 March 2019	0-2.5	5-7.5	65-70	205-210	1,401	1,624	181
Roísìn Fallon-Williams (Chief Executive Officer) (Appointed 1 March 2019)	-	-	-	-	-	-	-
Hilary Grant (Executive Medical Director) (Appointed 1 April 2016)	2.5-5	10-12.5	60-65	180-185	1,1175	1,411	201
Brendan Hayes (Chief Operating Officer / Deputy CEO (Appointed 15 July 2013)	2.5-5	10-12.5	50-55	155-160	904	1,122	191
Susan Hartley (Executive Director of Nursing)	0- 2.5	2.5-5	40-45	130-135	812	963	127
Dave Tomlinson (Executive Director of Finance) (Appointed 3 April 2017) (Not part of NHS Pension)	-	-	-	-	-	-	-
Charlotte Bailey (Executive Director of Strategic Partnerships) (Appointed 01 August 2017)	0-2.5	-	0-5	-	13	37	24

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
24 June 2020

Staff report

Our staff are our greatest and most important asset and in the following pages we have described our key achievements and the actions we have taken to address our key workforce challenges and ensure that our staff are engaged, supported and treated with fairness, dignity and respect.

In this section we also describe our approach and progress during the year in relation to staff health, wellbeing, and safety.

During 2019/20 we have:

- engaged multiple staff, service users and key stakeholders in the refresh and co design of our People Strategy 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 Strategy , support optimum employee performance and enable the delivery of the Trust Strategy and business plans in line with our values.

- alongside the People Committee established a new staff engagement forum called the "Your Voice" forum to engage and involve staff across the organisation in supporting us with bridging the gap between the Board and our staff delivering our services.

- implemented a Trust wide workforce transformation programme with a focus on supply, retention, upskilling, leadership, new roles and new ways of working. Through this programme of work we have introduced an evidence based approach around workforce demand and capacity mapping and a skills based workforce planning approach and have commenced pilots in two areas where we are reviewing patient pathways to identify gaps and are co-designing solutions based on the skills required We have successfully introduced a pathway for non-clinical staff to undertake clinical roles and are reviewing opportunities to work in new ways with the wider health, social care and third sector.

- through targeted work around agency reduction and safer staffing we have reduced agency spend from c£9m in 2016/17 to c£5m in 2017/18 , c£6.7m in 2018/19 and c£6.4m in 2019/20 and enabled a reduction in turnover, from a high of c17 per cent in January 2017 to under 11.2 per cent in March 2020.

- continued to undertake focused work around improving the health and wellbeing of our staff and have strengthened our approach towards equality, diversity and inclusion as set out in the following pages.

The focus for 2020/21 will be on implementing our new People Strategy and the associated culture change and transformation required to improve staff experience and improve retention.

Analysis of staff costs – information subject to audit

	Permanent	Other	2019/20 Total	2018/19 Total	2017/18 Total
	£000	£000	£000	£000	£000
Salaries and wages	152,663	-	152,663	**143,167**	**135,148**
Social security costs	15,366	-	15,366	**14,384**	**13,663**
Apprenticeship levy	721	-	721	**680**	**642**
Employer's contributions to NHS pensions	17,383	-	17,383	**16,490**	**15,783**
Pension cost - other paid by NHSE on Provider's Behalf (6.3%)	7,359	-	7,359	**-**	**-**
Other post-employment benefits	-	-	-	**-**	**-**
Other employment benefits	-	-	-	**-**	**-**
Termination benefits	-	-	-	**-**	**302**
Agency/contract staff	-	6,459	6,459	**6,859**	**5,773**
NHS charitable funds staff	-	-	-	**-**	**-**
Total gross staff costs	**193,492**	**6,459**	**199,951**	**181,581**	**171,311**
Recoveries in respect of seconded staff					
Total staff costs	**193,492**	**6,459**	**199,951**	**181,581**	**171,311**
Of which					
Costs capitalised as part of assets	-	-	-		-

Average staff numbers – information subject to audit

Average number of employees (WTE basis)	Permanent number	Other number	2019/20 total	2018/19 total	2017/18 total	2016/17 total	2015/16 total
Medical and dental	125	104	229	222	217	219	257
Administration and estates	703	55	757	794	794	744	811
Healthcare assistants and other support staff	728	29	756	692	663	719	716
Nursing, midwifery, and health visiting staff	1180	33	1213	1214	1,180	1,204	1,310
Scientific, therapeutic, and technical staff	517	119	636	592	623	598	666
Other	59	6	65	88	115	84	79
Total average numbers	**3373**	**287**	**3657**	**3660**	**3,592**	**3,568**	**3,839**

Staff type by gender as at 31 March 2020

Staff type	Female	% female	Male	% male	Grand total
Directors	9	69%	4	31%	**13**
Other senior managers	244	77%	73	23%	**317**
Employees	2,632	73%	995	27%	**3,627**
Total	**2884**	**73%**	**1072**	**27%**	**3956**

Sickness absence 2019/20

Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19
4.66%	4.59%	4.81%	5.07%	5.03%	5.10%	5.23%

Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Rolling average
5.31%	5.32%	5.38%	5.63%	5.36%	5.12%

Average WTE 2020	Adjusted WTE days lost	Average sick
3,614	41,765	11.56

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).

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.

Disability and Neurodivergence Staff Network

The network is pro-active and ensures staff with disabilities or impairments are represented equitably. Dave Tomlinson, our Executive Director of Finance, is the network's executive sponsor. The network is about sharing best practice and the empowerment of staff members, supporting non-disabled staff and managers by raising awareness of issues relating to disability, ensuring that the Trust benefits from disabled employees' experience and changes policy and practice as a result. It acts as a consultative group when looking to improve accessibility and as a resource for disabled staff to express their views and concerns. Since the launch of the national Workforce Disability Equality Standard in 2019, the network closely works with the Inclusion team to hold managers to account where actions are required.

BAME Staff Network

The Black Asian Minority Ethnic (BAME) staff network works with the Trust to improve the experiences of BAME staff, service users and carers by influencing change within the organisation, whilst raising awareness of challenges experienced within the Trust. The network welcomes ALL staff, as members or allies, who seek to achieve greater inclusion for ALL within BSMHFT.

Improving the experiences and treatment of BAME staff, sees an improvement in patient safety, patient experience and an overall improvement of staff experience and satisfaction Trust wide.

Documented research has shown that BAME staff in the NHS face greater barriers in attaining promotion, education, and professional development. The network consists of staff from multidisciplinary backgrounds across the Trust and is an open and non-formal forum.

The Trust is committed to tackling inequalities in the workplace wherever we find them. The network is fully supportive of the Workforce Race Equality Standard and acts as a critical friend to scrutinise and provide challenge where necessary. Roísìn Fallon-Williams, Chief Executive is the Board sponsor for the BAME staff network.

LGBT+ Staff Network

The LGBT+ network is a well-established and active staff network that works towards realising and developing equality for lesbian, gay, bisexual, and transgender (LGBT) staff within the Trust and its associated patients, partners, and stakeholders. All LGBT+ staff and allies who have an interest in improving LGBT+ equality for staff, service users and carers are welcome to join. Sue Hartley, Executive Director of Nursing, is the executive sponsor for this network.

We made a huge improvement in our ranking in the Stonewall Workplace Equality Index last year, leaping from 246th place out of 434 in 2018 to 135th out of 445. This year we continued to make improvement, holding our position at 133 out of 500. The Stonewall Workplace Equality Index is now in its 16th year and represents organisations that are leading the way in making workplaces more LGBT inclusive and ensuring that LGBT employees, customers and service users can be safe, accepted, and respected.

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 focuses 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 2019/20 as we seek to better engage with our employees in new and more effective ways.

A new social media style online portal, Your Voice, designed to encourage employees to bring forward new ideas and to get more involved in sharing expertise was launched in September. Delivered in partnership with an external supplier called Idea Drop it has been used by more than 1,000 employees to make suggestions, comments and ask questions on a variety of topics.

This digital engagement tool supplemented our existing programme. This includes: Listen Up Conversations, where colleagues discuss concerns face to face with the executive team; Compliments of the Week, sharing recognition of success; joint charitable projects and supporting quality improvement through effective employee engagement. Three elected staff governors are elected by employees to participate in the Council of Governors.

Employee engagement featured strongly as we worked towards building a new Trust strategy. Colleagues were asked to 'brew our new strategy' by completing feedback cards in discussion with senior leaders at every Trust site. This campaign was backed by the new Your Voice platform and through other direct engagement including through our valued staff networks. This work was supplemented by:

- a monthly Board blog covering the challenges facing the Trust from each Board member in turn
- a monthly Team Brief setting out matters of strategic importance cascaded from the Executive Team to every team at the Trust
- 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
- 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
- the opportunity for teams to have 'Tea with the Chair' to spend time talking to our Chair about their work and its challenges
- local staff engagement meetings in service areas
- the Quality and Excellence Awards scheme, for which the sixth annual ceremony was held in 2019. The cost of these awards is supported by sponsorship from carefully selected partner organisations.

Health and safety performance

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

- Improving the monitoring mechanism for the completion of actions that have been identified during risk assessments. This includes a quarterly follow up with service areas and a rag rating of their action status.
- The strengthening of the Health and Safety committee structure - with local committees now up and running and being far more efficient at addressing service level health and safety issues.
- Following feedback from lone workers in the Trust on the efficacy of the lone working device, a review was conducted resulting in a new product being trialled. At the end of the trial, it was determined that the new product better met the needs of our lone workers and after suitable training of staff the device was rolled out. Usage rates have been on a gradual increase each month since the implementation.
- The Trust has now trialled two further anti-ligature door products and will be in a position in the new financial year to determine the best options to support patient safety on the inpatient wards.
- Following evaluation of existing security arrangements on inpatient units and some community hubs, a review has commenced to determine the most suitable approach for the Trust going forward.

Other key points to note are:

- All environmental and ligature risk assessments for the Trust are in date, with all units' assessments now accessible on Connect. The health and safety section on the Trust intranet has been revamped and made more user friendly for staff.
- The Trust received no enforcement notices and had no Never Events in 2019/20.
- All CAS alerts were responded to within the given timeframe.
- In 2019/20 there were 21,448 reported untoward incidents (an increase on 2018/19 by 1,922 incidents).
- Incidents of violence and aggression accounted for 5,532 in 2019/20. Of this figure 1,248 were because of physical assaults on inpatient staff. This compares with 4791 in 2018/19, of which 1048 were because of physical assaults on inpatient staff.
- The number of false fire alarms reported in 2019/20 was 102, an increase of 23 on the previous year.
- The number of actual fires reported in 2019/20 was 23. Of these. Of these 5 were accidental, 5 were wilful/arson and 13 undetermined. The total figure compares with 14 in 2018/19.
- There were 39 (staff) and 494 (service users) Slips, Trips and Falls incidents in 2019/20. In 2018/19 there were 53 (staff) and 526 (service users) Slips, Trips and Falls incidents. A slight decrease of 26% for staff and a decrease of 6% for service users.
- Personal accidents to staff (excluding slips, trips and falls) accounted for 176 reported incidents which is a decrease of 11 from 2018/2019.
- A total of 47 incidents were reported to the HSE under the requirements of RIDDOR in 2019/20

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.

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 delivered over 100 health promotion sessions across 50 Trust locations and approximately 1200 staff attended these sessions in 2019/20. Additionally, we have delivered over 18 physiotherapy drop-in sessions in 2019/20 at sites across the Trust.

We also launched an online Health Promotion platform called PAM Life which provides staff with a better way of tracking their health and accessing health, nutritional and lifestyle advice, videos, and resources. Over 250 staff have registered on the portal since it was launched. In addition to the above, the Trust set up the Compassion at Work Group in early 2018. The group is chaired by the Executive Medical Director and has brought together clinicians and non-clinicians to work together to support the delivery of a culture of compassion within the organisation. Through this group the following key work programmes have been delivered:

Our post incident support offer for staff at work includes the implementation of Trauma Risk Management (TRIM) which is an evidence-based approach to supporting staff experiencing trauma at work. Over 40 individual TRIM sessions taken place so far covering several workplace incidents trust wide.

We have introduced and implemented Schwartz Rounds, which is a multidisciplinary forum designed for staff to come together to discuss and reflect on the non-clinical aspects of caring for patients - that is, the emotional and social challenges associated with their jobs. All staff are invited (clinical and non-clinical), recognising that everyone has something to contribute. The underlying premise for rounds is that the compassion shown by staff can make all the difference to a patient's experience of care, but that in order to provide care with compassion, staff must, in turn, feel supported in their work. Over 11 rounds have taken place so far.

Balint Groups have been implemented Trust wide to support staff experiencing suicide at work.

Staff survey

The NHS staff survey is conducted annually. From 2019 onwards, the results from questions are grouped to give scores in eleven indicators.

The response rate to the 2019 survey among trust staff was 49 per cent (2018: 40 per cent). A total of 1,782 staff completed the survey.

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

	2019/20		2018/19		2017/18	
	BSMHFT	National average mental health	BSMHFT	National average mental health	BSMHFT	National average mental health
Equality, diversity, and inclusion	8.3	9.0	8.4	8.8	8.3	9.0
Health and wellbeing	5.8	6.0	5.7	6.1	5.7	6.2
Immediate managers	7.1	7.3	7.1	7.2	6.9	7.2
Morale	6.1	6.3	6.0	6.2	-	-

	2019/20		2018/19		2017/18	
	BSMHFT	National average mental health	BSMHFT	National average mental health	BSMHFT	National average mental health
Quality of appraisals	5.5	5.8	5.4	5.7	5.2	5.5
Quality of care	7.3	7.4	7.2	7.3	7.3	7.3
Safe environment – bullying and harassment	7.4	8.0	7.5	7.9	7.4	8.0
Safe environment – violence	9.1	9.3	9.1	9.3	9.0	9.2
Safety culture	6.4	6.8	6.4	6.7	6.4	6.7
Staff engagement	6.9	7.0	6.8	7.0	6.7	7.0
Team working	6.5	7.0	6.5	-	6.5	-

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. There has been no statistically significant improvement in any of the 11 key themes, however our engagement score has improved numerically along with health and wellbeing, morale, quality of appraisal and quality of care.

Existing concerns around equality diversity and inclusion, bullying and harassment have worsened numerically compared to last year. Additionally, team working has remained static.

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 was no significant change in our results longstanding issues remain. Some of the changes we are making that will help to address these issues are as follows:

Refreshed People Strategy

Alongside the development of our new Trust Strategy we are also refreshing our People Strategy. We do not underestimate the challenges staff face in delivering care and we are determined to create an enabling and supportive environment that helps staff to deliver their best.

Trust values

We have listened to staff on our shared Trust values. A new set of values will be launched based on what staff have told us through our online platform Idea Drop and directly face to face at the various engagement sessions held at every Trust site.

We will be an inclusive Trust: that will be one of our new values at our front door. That means at the very least; respect, fairness and involvement for everyone regardless of their race, age, sexuality or gender. At the same time our recently appointed and trained inclusion advisors will help to eliminate the unfairness and inequity people see in the way we give people opportunity to thrive in our diverse Trust.

The new set of Trust values will lead in turn to a set of behaviours that everyone will follow. In the future staff appraisals will include an assessment of how staff meet our values in delivering good care.

Leadership and culture

We will work with staff and senior leaders across the Trust in gaining a deeper understanding into 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
- support 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
11	2.8 wte

Percentage of time	Number of employees
0%	0
1-50%	7
51-99%	4
100%	0

	Figures
Provide the total cost of facility time	£86,137
Provide the total pay bill	£152,663,000
Provide the percentage of the total pay bill spent on facility time, calculated as (total cost of facility time ÷ total pay bill) x 100	0.06%

Expenditure on consultancy

Expenditure on consultancy in 2019/20 was £1,821m, compared to £637k in 2018/19.

High paid off-payroll engagements

For all off-payroll engagements as of 31 March 2020, for more than £245 per day and that last longer than six months

Number of existing arrangements as of 31 March 2020	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 2019 and 31 March 2020, 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 2019 and 31 March 2020	0
Number of the above which include contractual clauses giving the Trust the right to request assurance in relation to income tax and national insurance obligations	0
Number for whom assurance has been requested	0
Of which:	
Number for whom assurance has been received	0
Number for whom assurance has not been received	0
Number that have been terminated because of assurance not being received	0

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

For any off-payroll engagements of Board members, and/or senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020

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

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

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

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

Exit packages – information subject to audit

The termination benefits disclosed below all relate to compulsory redundancies and other agreed departures (mutually agreed resignation scheme). Of the disclosed termination payments none were non-contractual payments requiring HM Treasury approval. This was also the case in 2019/20. 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 2018/19.

Staff exit packages	Number of compulsory redundancies 2019/2020	Number of other agreed departures 2019/20	Total number of exit packages by cost band 2019/2020	Total number of exit packages by cost band 2018/2019
Exit package cost band				
<£10,000				-
£10,000 - £25,000				-
£25,001 - £50,000				1
£50,001 - £100,000				1
£100,001 - £150,000				-
£150,001 - £200,000				-
Total number of exist packages by type				**2**
Total resource cost £000				**113**

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 2019/2020.

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 2019/20.

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 have 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 21 April 2020. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website via https://improvement.nhs.uk/resources/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	2019/20 Q1 score	2019/20 Q2 score	2019/20 Q3 score	2019/20 Q4 score
Financial sustainability	Capital service capacity	4	4	4	4
	Liquidity	2	3	4	3
Financial efficiency	I&E margin	4	4	4	4
Financial controls	Distance from financial plan	1	4	4	4
	Agency spend	1	2	1	1
Overall scoring (After overrides)		3	3	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
24 June 2020

Annual Governance Statement

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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 2020 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

During 2019/2020, the Director of Strategy, People and Partnerships left the Trust with the post being recruited to in July 2020 and one Non-Executive Director, Barry Henley, left the Trust and was replaced by Philip Gayle.

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, 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, Finance, Performance and Productivity Committee, 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 BAF 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
- Producing the Annual Governance Statement for approval by the Board.

The Integrated Quality Committee 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 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 of Directors.

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
- Proving 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 Strategy and Quality Accounts.

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 2019/2020 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 2019/2020 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
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 2020/21. 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.

The Programme Management Office (PMO) has developed a structured project management approach to all significant new developments and potential saving schemes which are required to demonstrate how risks are managed.

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

There are a range of formal mechanisms for engaging with partner organisations, governors, service users and the wider public, ensuring that risks are fully understood and are embedded into business planning and performance management processes.

The Trust works closely with key stakeholders and there are a number of joint structures that already exist between agencies (e.g. strategic partnership boards and commissioning committees). The Trust will endeavour to involve partner organisations in all aspects of risk management.

Engagement of service users and carers is the key to our success. The Trust moves forward in this commitment through a number of initiatives. These include all aspects of service design, the mechanisms through which we hear and respond to user and carer feedback and all initiatives embedding recovery throughout services.

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

Emergency preparedness, resilience and response (EPRR) has been tested to the fullest at the end of 2019/2020 and into the beginning of the new financial year to ensure business resilience and continuity in light of the national COVID-19 pandemic.

During 2019/2020, the Trust moved from non-compliant to partially compliant status in our annual Core Standards self-assessment compliance. An action plan is in place so that as a Trust we remain on track to achieve substantial compliance as a minimum for our 2020 submission. Full details of how the Trust addressed the challenges of the COVID-19 pandemic are contained on pages 12-13 of the Annual Report.

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

The Trust recognises the on-going challenges and risks associated with cyber security and therefore has a continuing focus on the issue, including initiatives designed to mitigate these risks and to meet NHS Digital requirements. We continue to exceed all targets for patch management and are fully signed up to the CareCert Cyber security process as one of the NHS founder members.

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 for the delivery of services. The Trust achieved registration for all of our services with the CQC. The CQC have undertaken Mental Health Act inspections across appropriate services within the organisation during 2019/2020. The CQC did not take any enforcement action against the Trust during 2019/2020 nor has the organisation been required to participate in any special reviews or investigations by the CQC during the year.

Under its routine inspection programme, the CQC inspected the Trust in quarter 3 of 2018/19 and the final report was published in April 2019. The Trust has an overall rating of *"Requires Improvement"* and has taken forward the learning from the CQC inspections and is currently delivering against the action plan reporting both to the Board of Directors and Integrated Quality Committee.

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. Complaints, along with other quality data, are reported in a quality dashboard that all managers and service leads can view and evaluate in terms of their own performance.

The Board papers, agendas and minutes are also shared with the wider Council of Governors. The (Governor) Nominations and Remuneration Committee in 2019/2020 has reviewed the remuneration of the Non-Executive Directors and successfully appointed a new Non-Executive Director to the Board of Directors.

In 2019/2020, 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

The Trust has continued to apply the well led framework which contributed to the development and implementation of the Trust's Quality Strategy. The Board commissioned an external well-led review which it received in October 2018. This, together with the quality improvement work commissioned from IHI and the CQC's inspection of services in December 2018, assists in ensuring improvements are made against the 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. The Trust will be developing a detailed action plan being presented to the Board in June 2020 to ensure 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. The latest NRLS data demonstrates that the Trust is in the middle 50 per cent of reporters of incidents nationally, with lower levels of harm than are typically seen in other Trusts
- weekly feedback brief sent to all staff from the Chief Executive
- high Board level presence within clinical teams and departments
- the reinforcement of the role of the Freedom to Speak Up Guardian
- delivery of a range of staff engagement activities which build on our previous work to regularly promote staff engagement and recognition activities and events at the Trust.

Assurance in relation to CQC regulation requirements is led by the Executive Lead, Director of 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 approach is now under further development and features in our quality goals for 2020/2021. Compliance around core policies areas which support our regulation compliance is also identified in each individual policy with a programme of monitoring and review.

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. Significant this year has been our work in developing a Trust wide approach to Quality Improvement. We have entered into partnership with the Institute of Healthcare Improvement (IHI) to assist us in this journey and have completed a full diagnostic and future

plan for improvement which is now being deployed. During the year, work has taken place with the Board and senior leaders to explore culture and psychological safety.
During the last 12 months we have moved forward and developed internal capacity and capability in Quality Improvement through large scale training for front line staff and the establishment of a centralised expert QI team.

We have also focused on learning from good practice during the year and have implemented Learning from Excellence, received training in Appreciative Inquiry, training in Human Factors and have adopted safety initiatives such as the Kitchen Table approach.

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. During the year we have 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.

The Trust has implemented a workforce transformation programme with a focus on supply, retention, upskilling, leadership, new roles and new ways of working. Through this programme of work we have introduced an evidence based approach around workforce demand and capacity mapping and a skills based workforce planning approach and have commenced pilots in two areas where we are reviewing patient pathways to identify gaps and are co designing solutions based on the skills required We have successfully introduced a pathway for non-clinical staff to undertake clinical roles and are reviewing opportunities to work in new ways with the wider health, social care and third sector. The work undertaken internally around workforce planning and transformation is also aligned with the STP workforce plans developed in response to the requirements of the NHS Long Term Plan.

Additionally, the Trust is also undertaking specific work in relation to the requirements set out within Developing Workforce Safeguards around Safe Staffing, this includes:

- The pilot roll-out of MHOST which is an evidence-based tool to support safe staffing on wards
- Development of a multidisciplinary approach around nurse establishment reviews
- Providing Regular Safe Staffing Reports to the Integrated Quality Committee which is a Sub Committee of the Board
- Implementation of specific work programmes to reduce reliance on agency including a quality improvement programme around improving rostering practice.

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

The Trust reviews economy, efficient and effectiveness through the review of finance and performance at budget manager, service director and overall Trust level. In addition to a system of devolved budget management, the Trust operates a service review process where achievement of performance, quality standards and financial targets is considered. 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.

For an indication of economy and efficiency in the organisation, work continues as part of the cost improvement planning process for 2020/2021 and in support of on-going efficiency improvement via the newly established Performance Delivery Group.

The Trust agreed a control total of £1.4m surplus for 2019/20. The actual outturn position was a deficit of £4.8m excluding technical year-end adjustments. This deviation from plan prompted a review by NHS Improvement in September 2019 of the reasons for the deficit – these have been identified as shortfalls in income from some of our cost and volume contracts and non-delivery of some of the Cost Improvement Plans we had for the year.

The Trust has set in place a number of plans for returning to financial balance by the end of March 2021 – these include controls over pay and non-pay spend, pursuing some large scale savings plans and working with local commissioners to maximise the opportunities arising from work to reduce the number of out of area patients.

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 NHS Foundation 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 Birmingham and Solihull Mental Health NHS Foundation Trust from its various sources of assurance.

Information governance

During the period 1 April 2019 and 31 March 2020, the Trust has continued to improve its information governance framework. The management of information governance risks has been reviewed through monitoring information assets, information flows and information governance incidents via our information governance teams. 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 Committee. The Committee receives reports on all key information governance issues. The information governance team received reports of 224 incidents between 1 April 2019 and 31 March 2020. This figure includes any medical records incidents as well as the reported loss of smartcards.

There were 3 serious incidents 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. It is supported by the Trust's Data Quality Best Practice Guide. 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 Information Governance Data Quality Assurance Group regularly reviews a range of data quality measures across the patient pathway and raises areas for action with operational services where performance is deteriorating, as well as ensuring that the requirements of the Data Security protection tool kit are met. This group reports to the Information Governance Steering Group.

The Trust submits 3 datasets monthly and each data set is subject to continuous quality improvement work supported by internal checks and use of external data quality reports which summarise completeness and validity of data submitted.

In 2019/20 the trust has successfully met the Data Quality CQUIN which added 30 data items to the Data Quality Maturity Index score and is in the top ten nationally. The Improving Access to Psychological therapies data set consistently scores above 98% and members of the service are part of 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. This year we commenced a 2-year cycle to audit all of the

national indicators and concentrated on the Data Quality Maturity Index. Lessons learnt from these audits are shared with operational services and action plans developed and implemented to improve data quality issues arising.

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 also available for all trust indicators along with case management reports which assist in improving data quality. It is recognised that our primary patient information system enables reporting of activity to meet national, commissioning and local requirements and needs supplementary forms to be completed to support the extraction of data thus increasing 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 Trust is a partner with IHI and in the Autumn of 2019, IHI completed an Annual Visit to ascertain the level of progress being made by us in QI during year 1 of our QI Journey. They concluded that good progress was evident at all levels of the Trust and were impressed by the skills and competencies displayed by each member of the QI team along with the transformation work that the Board was leading.

During the year we have trained over 400 staff in QI methodology and have developed a number of QI Coaches. We have in excess of 60 live projects and have established a Training Academy within the Trust. We are now aligning our focus to supporting the quality strategy of the organisation and learning from Covid19.

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.

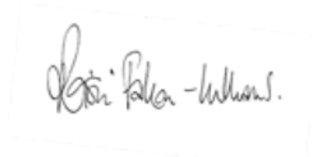
The review and maintenance of the effectiveness of the system of internal control is undertaken as follows:

- 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 (2020/2021) as the Board of Directors deem necessary.



Roísìn Fallon-Williams
Chief Executive
24 June 2020

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 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 2020 which comprise the Consolidated Statement of Comprehensive Income, the Trust and Group Statement of Financial Position, the Trust and Group Statements 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 Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by HM Treasury's Financial Reporting Manual 2019/20 as contained in the Department of Health and Social Care Group Accounting Manual 2019/20, and the Accounts Direction issued under the National Health Service Act 2006.

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Accounting Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's or the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

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

Key audit matter	Our response and key observations
Valuation of property, plant and equipment (Trust and Group) *Note 10 to the financial statements discloses information on the Trust's and Group's holding of property, plant and equipment (PPE) which includes £76m of land and buildings held at current value at 31 March 2020 by the Trust, and £167m by the Group . These assets are subject to periodic*	Our response Our audit procedures included, but were not limited to: • understanding the approach taken by the Trust in its valuation of land and buildings; • obtaining an understanding of the skills, experience and qualifications of the valuer, and considering the

Key audit matter	Our response and key observations
revaluation in line with the requirements of the Group Accounting Manual (GAM). Note 1.6 to the financial statements describes the Trust's and Group's accounting policy with respect to the valuation of land and buildings and Note 1.17 includes a disclosure of a material valuation uncertainty as a result of the Covid-19 pandemic. Note 10.1 and Note 10.2 includes further information on the Group and Trust balances for Property, Plant and Equipment. The Trust's and Group's holding of Property, Plant and Equipment includes a portfolio of land and building assets that are held at current value. Management engage a valuation expert ('the valuer') to provide the Trust with valuations in accordance with Royal Institution of Chartered Surveyors (RICS) requirements. We consider there to be a significant risk of material misstatement in relation to the valuation of the Trust's and Group's land and buildings as a result of the: • High degree of estimation uncertainty associated with the valuations; • Level of judgement applied by management and the valuer in estimating current values; and • Extent to which the valuations are reliant on complete and accurate source data on individual assets being provided to the valuer. The significant risk of material misstatement is further increased due to the additional estimation uncertainty arising from the Covid-19 pandemic.	appropriateness of the instructions to the valuer from the Trust • sample testing the completeness and accuracy of underlying data provided by the Trust and used by the valuer as part of their valuations; • assessing the Trust's approach to the MEA alternative site valuation; • reviewing the reasonableness of the data used to derive the model for the alternative site valuation; and • using relevant market and cost data to assess the reasonableness of the valuation as at 31 March 2020. In doing so, we utilised information provided by an auditor's expert to assess the effect of the material valuation uncertainty disclosed by the valuer and the Trust in the financial statements. Key observations Whilst drawing attention to Note 1.17 of the financial statements where the Trust has highlighted the material valuation uncertainty raised by its valuation expert caused by the impact of Covid-19, we obtained sufficient appropriate evidence to conclude that the valuation of land and buildings included in the financial statements is reasonable.
Revenue recognition (Trust) *The Trust recognised £263m of revenue from activities in the Consolidated Statement of Comprehensive Income. The Trust's primary source of revenue is through contracts with commissioning bodies. Notes 2 and 2.1 provide further information on the nature and source of the Trust's revenue.* ISA (UK) 240 incudes a rebuttable presumption that there is a risk of fraud in relation to revenue recognition. We have not rebutted the presumed risk on the basis that the Trust is under increasing financial pressure in 2019/20 and there is a perceived incentive to recognise revenue before it has been earned. We consider the specific risk in relation to revenue recognition to be in the recognition of income from activities and related receivables at the year end.	Our response Our audit procedures included, but were not limited to: • testing a sample of revenue by agreeing the transactions to appropriate source documentation and obtaining assurance that each item was recorded in the correct financial year and at the correct value • testing a sample of year-end receivables to ensure these were recorded in the correct financial year and at the correct value; • testing a sample of revenue items in the pre and post year-end period to ensure they have been recognised in the correct financial year; and • considering information provided by the Department of Health and Social Care in respect of year-end intra-NHS transactions. We identified any significant differences between the Trust's position and that of the counterparty and obtained assurance that the Trust's position was supported by appropriate evidence. Key observations We obtained sufficient appropriate evidence to conclude that revenue recognised in the financial statements is reasonable.
Lease and leaseback transaction (Trust)	Our response Our audit procedures included, but were not limited to:

Key audit matter	Our response and key observations
As described in Note 1.17, the Trust entered into a Lease and Leaseback arrangements with its Subsidiary Summerhill Services Limited in 2019/20 Note 4.5 discloses information on the Trust's lease agreements as both lessor and lessee. The GAM requires lease arrangements to be accounted for in line with *International Accounting Standard 17: Leases.* This Standard requires the classification of leases as either finance leases or operating leases, which impacts upon the recognition of assets and liabilities on the Statement of Financial Position. As the transaction is entirely within the Group, the accounting entries are eliminated on consolidation and affect only the Trust's financial statements.	• reviewing the commercial rationale behind the transaction and ensuring the substance of the transaction is reflected in the accounting entries, including the classification of whether these are finance or operating leases; and • confirming the accounting treatment had been applied correctly in the financial statements. Key observations We obtained sufficient appropriate evidence to conclude that the treatment of the lease and leaseback transaction is reasonable.

Our application of materiality

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

	Trust	Group
Overall materiality	£5.189million	£5.190million
Basis for determining materiality	2% of gross operating expenditure	
Rationale for benchmark applied	Gross operating expenditure is a key measure of financial performance for the users of the financial statements.	
Performance materiality	£3.633million	£3.634million
Reporting threshold	£0.156million	£0.157million

The range of financial statement materiality across components, audited to the lower of local statutory audit materiality and materiality capped for group audit purposes, was between £0.156million and £5.189million all being below group financial statement materiality.

An overview of the scope of our audit

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

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

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

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the Trust's and the Group's accounting processes and controls and their environments, and considered qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our tests included, but were not limited to:

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

As a result of our procedures, we did not identify any Key Audit Matters relating to irregularities, including fraud (other than the key audit matter on revenue recognition outlined above).

The risks of material misstatement, including due to fraud, that had the greatest effect on our audit are discussed under 'Key audit matters' within this report.

Our group audit scope included an audit of the Trust and Group financial statements. Based on our risk assessment, the Trust was subject to a full scope audit which was performed by the Group audit team. Audit procedures of one or more classes of transactions were completed by the component auditor, Mazars LLP, for the Trust's subsidiary, Summerhill Services Limited, where these transactions were material to the Group's net assets, revenue and expenditure.

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

Other information

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

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

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

We have nothing to report in these regards.

Responsibilities of the Accounting Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Opinion on other matters prescribed by the Code of Audit Practice

In our opinion:

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

Matters on which we are required to report by exception

Annual Governance Statement	
We are required to report to you if, in our opinion: • the Annual Governance Statement does not comply with the NHS Foundation Trust Annual Reporting Manual 2019/20; or • the Annual Governance Statement is misleading or is not consistent with our knowledge of the Trust and Group and other information of which we are aware from our audit of the financial statements.	We have nothing to report in respect of these matters.
Reports to the regulator and in the public interest	
We are required to report to you if: • we refer a matter to the regulator under Schedule 10(6) of the National Health Service Act 2006 because we have a reason to believe that the Trust, or a Director or officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency; or • we issue a report in the public interest under Schedule 10(3) of the National Health Service Act 2006.	We have nothing to report in respect of these matters.

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

Matter on which we are required to report by exception

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

We have nothing to report in this respect.

Responsibilities of the Accounting Officer

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

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

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

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

the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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

Use of the audit report

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

Certificate

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

Mark Surridge - Key Audit Partner
For and on behalf of Mazars LLP
45 Church Street
Birmingham
B3 2RT

25 June 2020

Birmingham and Solihull Mental Health NHS Foundation Trust

Consolidated financial statements 2019/20

March 31 2020

Birmingham and Solihull Mental Health NHS Foundation Trust
March 31 2020

Foreword to the Accounts

These accounts, for the year ended 31 March 2020, 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
24th June 2020

Birmingham and Solihull Mental Health NHS Foundation Trust
March 31 2020

Consolidated statement of comprehensive income for the year ended March 31 2020	Note	March 31 2020 £000	March 31 2019 £000
		Total	Total
Income from patient care activites	2	245,991	228,413
Other operating income	2	17,203	19,471
Operating costs	4	(261,379)	(244,544)
Operating Surplus / (Deficit)		1,815	3,340
Finance Costs			
Finance income	7	109	94
Finance costs	8	(5,746)	(5,717)
PDC Dividend payable		(2,636)	(2,778)
Net Finance Costs		(8,273)	(8,401)
Corporation tax expense	29	(301)	(143)
Surplus / (Deficit) from Operations		(6,759)	(5,204)
Surplus / (Deficit) for the year		(6,759)	(5,204)
Other comprehensive Income / (Expense)			
Will not be reclassified to income and expenditure:			
Revaluation (losses) / gains on property, plant and equipment		(481)	(7,058)
May be reclassified to income and expenditure when certain conditions are met:			
Total comprehensive income / (Expense) for the year		(7,240)	(12,262)

Birmingham and Solihull Mental Health NHS Foundation Trust
March 31 2020

Statement of Financial Position	Note	Group		Trust	
		March 31 2020	March 31 2019	**March 31 2020**	March 31 2019
As at March 31 2020		**£000**	£000	**£000**	£000
Non-current assets					
Intangible assets	9	**5,420**	5,498	**5,420**	5,498
Property, plant and equipment	10	**175,139**	175,911	**73,362**	82,447
Subsidiary investment	12	**-**	-	**26,677**	25,718
Trade and other receivables	13	**1,664**	1,521	**65,570**	53,362
Total non-current assets		**182,223**	182,930	**171,029**	167,025
Current assets					
Inventories	11	**417**	408	**234**	244
Trade and other receivables	13	**17,522**	14,373	**19,657**	16,332
Cash and cash equivalents	22	**13,955**	17,714	**11,660**	16,388
Total current assets		**31,894**	32,495	**31,551**	32,964
Current liabilities					
Trade and other payables	14	**(26,847)**	(25,290)	**(25,981)**	(23,867)
Borrowings	16	**(4,307)**	(4,335)	**(4,307)**	(5,085)
Provisions for liabilities and charges	19	**(987)**	(647)	**(995)**	(647)
Other liabilities	15	**(7,254)**	(2,805)	**(7,910)**	(3,460)
Total current liabilities		**(39,395)**	(33,077)	**(39,193)**	(33,059)
Total assets less current liabilities		**174,722**	182,348	**163,387**	166,930
Non-current liabilities					
Borrowings	16	**(82,570)**	(86,317)	**(82,570)**	(86,316)
Provisions for liabilities and charges	19	**(1,894)**	(1,720)	**(1,697)**	(1,720)
Other liabilities	15	**(316)**	(32)	**(491)**	(1,147)
Total non-current liabilities		**(84,780)**	(88,069)	**(84,758)**	(89,183)
Total assets employed		**89,942**	94,279	**78,629**	77,747
Financed by (taxpayers' equity)					
Public dividend capital		**106,682**	103,779	**106,682**	103,779
Revaluation reserve		**24,636**	25,117	**4,459**	1,871
Income and expenditure reserve		**(41,376)**	(34,617)	**(32,512)**	(27,903)
Total taxpayers' equity		**89,942**	94,279	**78,629**	77,747

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 24th June 2020 and signed on its behalf by:

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

Date: 24th June 2020

Birmingham and Solihull Mental Health NHS Foundation Trust
March 31 2020

Group statement of Changes in Taxpayers Equity **For year ended March 31 2020**	Total Taxpayers Equity £000	Public dividend capital £000	Revaluation reserve £000	income and expenditure reserve £000
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)
Taxpayers' Equity at April 1 2018 - as previously stated	104,640	101,878	32,175	(29,413)
Prior period adjustment	-	-	-	-
Taxpayers' Equity at April 1 2018	104,640	101,878	32,175	(29,413)
Surplus / (Deficit) for the year	(5,204)	-	-	(5,204)
Revaluation gains/ (losses) on property, plant and equipment	(7,058)	-	(7,058)	-
Public Dividend Capital Received	1,901	1,901	-	-
Taxpayers' Equity at March 31 2019	94,279	103,779	25,117	(34,617)

Trust statement of Changes in Taxpayers Equity **For year ended March 31 2020**	Total Taxpayers Equity £000	Public dividend capital £000	Revaluation reserve £000	income and expenditure reserve £000
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)
Taxpayers' Equity at April 1 2018 - as previously stated	80,641	101,878	4,191	(25,428)
Prior period adjustment	-	-	-	-
Taxpayers' Equity at April 1 2018	80,641	101,878	4,191	(25,428)
Surplus / (Deficit) for the year	(2,475)	-	-	(2,475)
Revaluation gains/ (losses) on property, plant and equipment	(2,320)	-	(2,320)	-
Public Dividend Capital Received	1,901	1,901	-	-
Taxpayers' Equity at March 31 2019	77,747	103,779	1,871	(27,903)

Birmingham and Solihull Mental Health NHS Foundation Trust
March 31 2020

Group statement of cash flows **For the year ended March 31 2020**	Note	March 31 2020 £000	March 31 2019 £000
Cash flows from operating activites			
Operating (deficit) / surplus for the year		1,815	3,340
Depreciation and amortisation	4	7,031	6,234
Impairments	4.1	1,911	8,897
Reversals of impairments	4.1	-	-
Loss / (gain) on disposal		-	-
(Increase) / decrease in trade and other receivables		(3,466)	400
(Increase) / decrease in inventories		(8)	(51)
Increase / (decrease) in trade and other payables		1,889	2,064
Increase / (decrease) in other liabilities		4,449	(1,483)
Increase / (decrease) in provisions		513	(686)
Other movement in operating cash flows		-	-
Net cash generated from operating activities		14,134	18,715
Cash flows from investing activities			
Interest received	7	109	94
Purchase of intangible assets	9	(1,374)	(2,518)
Purchase of property, plant and equipment	10	(7,495)	(5,542)
Sales of property, plant and equipment		-	-
Net cash used in investing activities		(8,760)	(7,966)
Cash flows from financing activites			
Public dividend capital received		2,903	1,901
Public dividend capital repaid		-	-
Loans repaid to foundation trust financing facility		(2,183)	(2,183)
Capital element of private finance initiative obligations		(1,561)	(1,425)
Interest paid on loans from foundation trust financing facility		(1,448)	(1,534)
Interest element of private finance initiative obligations		(4,329)	(4,219)
PDC dividend paid		(2,515)	(2,990)
Net cash used in financing activities		(9,133)	(10,450)
Net increase/ (decrease) in cash and cash equivalents		(3,759)	299
Cash and cash equivalents at 1 April		17,714	17,415
Cash in hand (petty cash)	22	40	45
Cash at commercial banks	22	2,295	1,326
Cash at GBS	22	11,620	16,343
Cash and cash equivalents at 31 March		13,955	17,714

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 2019/20 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

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

These accounts have been prepared on a going concern basis. After making enquiries, 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 Trust has for the subsequent financial year (2020/21) signed up to the NHS Provider Sustainability Fund (PSF).

The Trust agreed a control total of £1.4m surplus for 2019/20. The actual outturn position was a deficit of £4.8m excluding technical year end adjustments. This deviation from plan prompted a review by NHS Improvement in September 2019 of the reasons for the deficit – these have been identified as shortfalls in income from some of our cost and volume contracts and non delivery of some of the Cost Improvement Plans we had for the year. The Trust has set in place a number of plans for returning to financial balance by the end of March 2021 – these include controls over pay and non pay spend, pursuing some large scale savings plans and working with local commissioners to maximise the opportunities arising from work to reduce the number of out of area patients.

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

This is further discussed in detail in the going concern disclosure within the annual report.

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 2020. The shares held are ordinary and aggregate capital and reserves amount to £26,678k as at March 31 2020 (£25,718k as at March 31 2019). Summerhill Services Limited made a loss of £850k in the year ended March 31 2020 (2018/19: £611k).

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). As directed by the GAM, the transition to IFRS 15 in 2018/19 has been completed in accordance with paragraph C3 (b) of the Standard: applying the Standard retrospectively but recognising the cumulative effects at the date of initial application (1 April 2018).

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

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. Healthcare generally aligns with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer. At the year end, the Trust accrues income relating to activity delivered in that year. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

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.

1.3 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 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.

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.

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 0.51%, 0.55%, 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 0.50% 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 trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.
A charge, reflecting the cost of capital utilised by the NHS foundation trust, is PDC dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS foundation trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets (including lottery funded assets), (ii) net cash balances held with the Government Banking Services (GBS), excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and (iii) any PDC dividend balance receivable or payable. The Department of Health has confirmed that GBS balance are to be used in the PDC dividend calculation and will be calculated on average daily cleared balances in GBS. They have also confirmed that National Loan Fund balances will be treated as part of the GBS balance in the PDC dividend calculation.

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 during the 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 2019/20.

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 2021, the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 1.27% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2021 for existing finance leases.

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

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

1.20 Other standards, amendments and interpretations

Amendments to the following standards are applicable in 2019/20:

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)**	2019/20 £000	2018/19 £000
	Income from patient care activities		
	Cost and volume contract income	71,041	92,915
	Block contract income	164,850	128,008
	Other clinical income from mandatory services *	-	3,621
	Other clinical income	2,741	1,345
	Additional pension contribution central funding ***	7,359	-
	Agenda for Change pay award central funding **	-	2,524
	Total income from patient care activities	245,991	228,413
	Other operating income		
	Research and development	1,612	1,144
	Education and training	9,638	9,098
	Non-patient care services to other bodies	1,563	1,442
	Other Income	4,096	4,005
	Provider Sustainability fund (PSF) income	294	3,782
	Total other operating income	17,203	19,471
	Total operating income	263,194	247,884

* Other clinical income from mandatory services was reclassified across the other headings during the year 2019/20. Previous year not restated.

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

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

2.1	**Income from patient care activities (by Source)**	2019/20 £000	2018/19 £000
	NHS England	88,141	74,892
	Clinical commissioning groups	147,148	140,958
	NHS Foundation Trusts	3,319	3,321
	NHS Trusts	695	620
	Local authorities	2,534	2,500
	Department of Health and Social Care	-	2,524
	Non NHS: other	4,154	3,598
	Total Income from patient care activities	**245,991**	**228,413**

2.2	**Income from activities arising from mandatory services**	2019/20 £000	2018/19 £000
	Income from activities arising from mandatory services	225,444	205,945
	Income from activities arising from non-mandatory services	20,547	22,468
		245,991	228,413

2.3	**Commissioner requested services**	2019/20 £000	2018/19 £000
	Income from activities arising from commissioner requested services	245,991	228,413
	Income from activities arising from non-commissioner requested services	-	-
		245,991	228,413

2.4	**Overseas visitors (relating to patients charged directly by the nhs foundation trust)**	2019/20 £000	2018/19 £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 the Tamarind Centre, the Ardenleigh Site, the Juniper Centre, Reaside Clinic and the John Black Centre (Maple Leaf Drive) 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.

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3 Segmental analysis (continued)

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

Year ended March 31 2019	Healthcare services £000	Commercial trading £000	Inter-group eliminations £000	Total £000
Total segment revenue	248,103	13,551	(13,743)	247,911
Total segment expenditure	(245,104)	(11,748)	12,281	(244,571)
Operating surplus / (deficit)	2,999	1,803	(1,462)	3,340
Net financing cost	(3,352)	(2,271)	-	(5,623)
PDC dividend payable	(2,778)	-	-	(2,778)
Taxation	-	(143)	-	(143)
Retained surplus / (deficit) before non-recurring items	(3,131)	(611)	(1,462)	(5,204)
Non-recurring items				-
Retained surplus / (deficit) after non-recurring items	(3,131)	(611)	(1,462)	(5,204)
Reportable segment assets	198,586	79,103		277,689
Eliminations	-	-	(63,702)	(63,702)
Total Assets	198,586	79,103	(63,702)	213,987
Reportable segment liabilities	(119,034)	(56,568)	-	(175,602)
Eliminations			55,894	55,894
Total liabilities	(119,034)	(56,568)	55,894	(119,708)
Net assets / (liabilities)	79,552	22,535	(7,808)	94,279

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4 **Operating Costs**	2019/20 £000	2018/19 £000
Services from NHS Foundation Trusts	4,135	4,553
Services from NHS Trusts	1,060	917
Services from CCGs and NHS England	-	-
Services from other NHS bodies	194	186
Employee expenses - executive directors	962	970
Employee expenses - non-executive directors	169	163
Employee expenses - staff	198,673	180,611
Drug costs	6,453	6,033
Supplies and services - clinical (excluding drug costs)	794	619
Supplies and services - general	2,431	2,409
Establishment	2,578	2,518
Transport	1,554	1,594
Premises	20,853	19,865
Impairments / (Reversal of impairments) of property, plant and equipment	1,910	8,897
Increase / (decrease) in bad debt provision	100	133
Termination benefits	316	-
Depreciation on property, plant and equipment	5,580	4,988
Amortisation on intangible assets	1,451	1,246
Audit Services	66	84
Other auditors' remuneration	-	-
Clinical negligence	966	751
Loss on disposal of other property, plant and equipment	-	-
Internal audit costs	88	89
Consultancy costs	1,821	637
Other	9,225	7,281
Total operating costs	261,379	244,544

4.1 **Exceptional Items**	2019/20 £000	2018/19 £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 2019/20 (2018/19: Nil)

4.2 **Analysis of loss on disposal**	2019/20 £000	2018/19 £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 2019/20 & 2018/19.

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 2020 was £42.3k (2018/19: £50.6k) for the Trust's annual report and accounts, £0k (2018/19: £7.4k) for the Trust's quality accounts (due to the changes in the requirements re C-19), £10k as a one-off to cover the SSL transaction, and £12.0k (2019/20: £8.0k) for Summerhill Supplies Limited, totalling £64.3k (£66.0k for the year ended 31 March 2019) 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

	2019/20 £000	2018/19 £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

	2019/20 £000	2018/19 £000
Minimum lease payments	2,011	1,929

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 £1,460k (2018/19: £1,390k) which is included within operating costs. The leases for vehicles and equipment range from 1 to 5 years and have an annual charge of £551k (2018/19: £539k) 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 £793k (2018/19: £742k). 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

	2019/20 £000	2018/19 £000
Not later than one year	1,664	1,670
Later than one year and not later than five years	4,674	5,021
later than five years	5,321	6,525
Total future minimum lease payments	11,659	13,216

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5

Directors remuneration	2019/20 £000	2018/19 £000
Short-term benefits :		
Salary	780	765
Taxable benefits	109	107
Performance related bonuses	-	-
employer's pension contributions	73	98
Post-employment benefits :	-	-
Other long-term benefits :	-	-
Termination benefits :	-	-
Share-based payment :	-	-
Total directors remuneration	962	970

The medical director was paid £58k during the year ended March 31 2020 (£58k during year ended March 31 2019), 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)	2019/20 £000	2018/19 £000
Salaries and wages	152,347	143,168
Social security costs	15,366	14,384
Employers contribution to NHS pensions	17,383	16,490
Employers contribution to NHS pensions paid by NHSE on Provider's Behalf (6.3%)	7,359	-
Apprenticeship Levy	721	680
Termination benefits (see note 4 and 4.1)	316	-
Agency / contract staff	6,459	6,859
	199,951	181,581
Less: capitalised staff cost	-	-
Total recognised in operating expenses	199,951	181,581

6.1

Average number of employees (WTE basis)	2019/20 Number	2018/19 Number
Medical	229	223
Administration and estates	757	846
Healthcare assistants and other support staff	756	686
Nursing and health visiting staff	1,213	1,198
Scientific, therapeutic and technical staff	636	622
Other	66	89
Total Average	3,657	3,664

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.

	2019/20 £000	2019/20 Number	2018/19 £000	2018/19 Number
No. of early retirements on the grounds of ill health		3		1
Value of early retirements on the grounds of ill health	119		37	

6.3 **Staff exit packages**

Exit package cost band	No. of compulsory redundancies 2019/20	No. of other agreed departures 2019/20	Total no. of exit packages by cost band 2019/20	Total no. of exit packages by cost band 2018/19
< £10,000	-	-	-	-
£10,000 - £25,000	-	-	-	-
£25,001 - £50,000	-	-	-	1
£50,001 - £100,000	-	-	-	1
£100,001 - £150,000	-	-	-	-
£150,001 - £200,000	-	-	-	-
Total number of exit packages by type	-	-	-	2
Total resource cost £000			-	113

There were no exit packages paid to senior managers during this financial year (2018/19: nil).

7 **Finance Income**

	2019/20 £000	2018/19 £000
Interest on deposits / investments	109	94

8 **Finance costs**

	2019/20 £000	2018/19 £000
Loans from the foundation trust financing facility	1,417	1,498
Finance costs in PFI obligations :		
Main finance costs	2,541	2,607
Contingent finance costs	1,788	1,612
Total finance costs	5,746	5,717

9 Intangible assets

9.1

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

9.2

Group and Trust Intangible assets for year ended March 31 2019	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 2018 - as previously stated	7,611	5,857	253	552	949
Re-analysis of balances *	(274)	-	(253)	-	(21)
Cost or valuation at April 1 2018	7,337	5,857	-	552	928
Additions - purchased	2,518	1,593		301	624
Disposals	-	-	-	-	-
Cost or valuation at March 31 2019	9,855	7,450	-	853	1,552
Amortisation at April 1 2018 - as previously stated	3,385	2,793	253	-	339
Re-analysis of balances *	(274)	-	(253)	-	(21)
Amortisation at April 1 2018	3,111	2,793	-	-	318
Provided during the year	1,246	979	-	110	157
Reclassifications	-	-	-	-	-
Disposals	-	-	-	-	-
Amortisation at March 31 2019	4,357	3,772	-	110	475
NBV - Purchased at April 1 2018	4,226	3,064	-	552	610
NBV - Donated at April 1 2018	-	-	-	-	-
Total NBV at April 1 2018	4,226	3,064	-	552	610
NBV - Purchased at March 31 2019	5,498	3,678	-	743	1,077
NBV - Donated at March 31 2019	-	-	-	-	-
Total NBV at March 31 2019	5,498	3,678	-	743	1,077

* Re-analysis of balances in relation to disposals of nil NBV assets which weren't reflected between the two sections of Gross cost and Accumulated Depreciation.

10 **Property plant and equipment**

10.1 **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	-	-	-	-	-	-	-	-	-
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 £647k 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)**

10.2 **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	-	-	-	-	-	-	-	-	-
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 £647k 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)**

10.3 **Group property, plant and equipment for year ended March 31 2019**	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 2018 - as previously stated	209,088	17,843	165,466	-	257	2,830	84	10,473	12,135
Re-analysis of balances **	(2,820)	-	-	-	-	(211)	(73)	(2,503)	(33)
Cost or valuation at April 1 2018	206,268	17,843	165,466	-	257	2,619	11	7,970	12,102
Additions - purchased	6,509	-	1,186	-	5,323	-	-	-	-
Additions - donated	-	-	-	-	-	-	-	-	-
Acquisition through business combination	-	-	-	-	-	-	-	-	
Impairments charged to operating expenses	(8,925)	-	(8,925)	-	-	-	-	-	-
Impairments charged to the revaluation reserve	(7,646)	-	(7,646)	-	-	-	-	-	-
Reversal of impairments credited to operating expenses	28	28	-	-	-	-	-	-	-
Reversal of impairments credited to the revaluation reserve	588	588	-	-	-	-	-	-	-
Reclassifications	(1)	-	1,453	-	(3,517)	23	-	1,424	616
Revaluation surplus	-	-	-	-	-	-	-	-	-
Transfers to non-current assets classified as held for sale (note 10.7)	-	-	-	-	-	-	-	-	-
Transfers from accumulated depreciation*	(2,724)	-	(2,724)	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Cost or valuation at March 31 2019	194,097	18,459	148,810	-	2,063	2,642	11	9,394	12,718
Accumulated depreciation at April 1 2018 - as previously stated	18,742	-	-	-	-	2,425	84	8,272	7,961
Re-analysis of balances **	(2,820)	-	-	-	-	(211)	(73)	(2,503)	(33)
Accumulated depreciation at April 1 2018	15,922	-	-	-	-	2,214	11	5,769	7,928
Provided during the year	4,988	-	2,724	-	-	175	-	910	1,179
Acquisition through business combination	-	-	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	-	-	-	-
Reversal of impairments credited to operating expenses	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluation surpluses	-	-	-	-	-	-	-	-	-
Transferred to cost or valuation*	(2,724)	-	(2,724)	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Accumulated depreciation at March 31 2019	18,186	-	-	-	-	2,389	11	6,679	9,107
NBV - Purchased at April 1 2018	190,346	17,843	165,466	-	257	405	-	2,201	4,174
NBV - Donated at April 1 2018	-	-	-	-	-	-	-	-	-
Total NBV at April 1 2018	190,346	17,843	165,466	-	257	405	-	2,201	4,174
NBV - Purchased at March 31 2019	175,911	18,459	148,810	-	2,063	253	-	2,715	3,611
NBV - Donated at March 31 2019	-	-	-	-	-	-	-	-	-
Total NBV at March 31 2019	175,911	18,459	148,810	-	2,063	253	-	2,715	3,611

*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.

** Re-analysis of balances in relation to disposals of nil NBV assets which weren't reflected between the two sections of Gross cost and Accumulated Depreciation

The net book value of assets held under finance lease arrangements is £41,337k at March 31 2019 (£44,449k at March 31 2018). Depreciation of £647k was charged on these assets in the year (£560k during the year ended March 31 2018). 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 2019**	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 2018 - as previously stated	103,616	9,865	78,136	-	257	1,934	73	10,473	2,878
Re-analysis of balances **	(2,820)	-	-	-	-	(211)	(73)	(2,503)	(33)
Cost or valuation at April 1 2018	100,796	9,865	78,136	-	257	1,723	-	7,970	2,845
Additions - purchased	5,354	-	1,186	-	4,168	-	-	-	-
Additions - donated	-	-	-	-	-	-	-	-	-
Acquisition through business combination	-	-	-	-	-	-	-	-	-
Impairments charged to operating expenses	(7,117)	-	(7,117)	-	-	-	-	-	-
Impairments charged to the revaluation reserve	(2,325)	-	(2,325)	-	-	-	-	-	-
Reversal of impairments credited to the revaluation reserve	5	5	-	-	-	-	-	-	-
Reversal of impairments credited to operating expenses	244	244	-	-	-	-	-	-	-
Reclassifications	-	-	1,652	-	(3,099)	23	-	1,424	-
Revaluation surplus	-	-	-	-	-	-	-	-	-
Transfers to non-current assets classified as held for sale (note 10.7)	-	-	-	-	-	-	-	-	-
Transfers from accumulated depreciation*	(1,399)	-	(1,399)	-	-	-	-	-	-
Disposals	(2,189)	(334)	(1,855)	-	-	-	-	-	-
Cost or valuation at March 31 2019	93,369	9,780	68,278	-	1,326	1,746	-	9,394	2,845
Accumulated depreciation at April 1 2018 - as previously stated	12,631	-	-	-	-	1,676	73	8,272	2,610
Re-analysis of balances **	(2,820)	-	-	-	-	(211)	(73)	(2,503)	(33)
Accumulated depreciation at April 1 2018	9,811	-	-	-	-	1,465	-	5,769	2,577
Provided during the year	2,510	-	1,399	-	-	141	-	910	60
Acquisition through business combination	-	-	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	-	-	-	-
Reversal of impairments credited to operating expenses	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluation surpluses	-	-	-	-	-	-	-	-	-
Transferred to cost or valuation*	(1,399)	-	(1,399)	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Accumulated depreciation at March 31 2019	10,922	-	-	-	-	1,606	-	6,679	2,637
NBV - Purchased at April 1 2018	90,985	9,865	78,136	-	257	258	-	2,201	268
NBV - Donated at April 1 2018	-	-	-	-	-	-	-	-	-
Total NBV at April 1 2018	90,985	9,865	78,136	-	257	258	-	2,201	268
NBV - Purchased at March 31 2019	82,447	9,780	68,278	-	1,326	140	-	2,715	208
NBV - Donated at March 31 2019	-	-	-	-	-	-	-	-	-
Total NBV at March 31 2019	82,447	9,780	68,278	-	1,326	140	-	2,715	208

*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.

** Re-analysis of balances in relation to disposals of nil NBV assets which weren't reflected between the two sections of Gross cost and Accumulated Depreciation.

The net book value of assets held under finance lease arrangements is £41,337k at March 31 2019 (£44,449k at March 31 2018). Depreciation of £647k was charged on these assets in the year (£560k during the year ended March 31 2018). 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	64
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 2020	March 31 2019	March 31 2020	March 31 2019
	£000	£000	£000	£000
Drugs	386	369	203	205
Consumables	31	39	31	39
Total Inventories	417	408	234	244

11.1 **Inventories recognised in expenses**	March 31 2020	March 31 2019
	£000	£000
Inventories recognised in expenses	6,461	6,046
Write-down of inventories recognised as an expense	-	12
Reversals of any write down of inventories	-	-
Total inventories recognised in expenses	6,461	6,058

12 **Subsidiary investment**	Group		Trust	
	March 31 2020	March 31 2019	March 31 2020	March 31 2019
	£000	£000	£000	£000
Shares in group undertakings	-	-	26,677	25,718
Total Subsidiary investment	-	-	26,677	25,718

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 2020.

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 £26,677,499 (2018/19: £25,717,626). 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, 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 Group trade and other receivables	Total March 31 2020 £000	Financial assets March 31 2020 £000	Non-financial assets March 31 2020 £000	Total March 31 2019 £000	Financial assets March 31 2019 £000	Non-financial assets March 31 2019 £000
Current						
Contract Receivable **	13,429	13,429	-	9,867	9,867	-
Provision for Impaired Contract Receivables **	(339)	(339)	-	(269)	(269)	-
Prepayments	1,910	-	1,910	2,476	-	2,476
PDC receivable	305	-	305	426	426	-
VAT Receivable	1,214	-	1,214	1,165	1,165	-
Other receivables	1,003	1,003	-	708	708	-
Total current trade and other receivables	17,522	14,093	3,429	14,373	11,897	2,476
Non-current						
Prepayments - Lifecycle replacement	1,467	-	1,467	1,521	-	1,521
Clinician pension tax provision	197	197	-	-	-	-
Total non-current trade and other receivables	1,664	197	1,467	1,521	-	1,521

13.1 Trust trade and other receivables	Total March 31 2020 £000	Financial assets March 31 2020 £000	Non-financial assets March 31 2020 £000	Total March 31 2019 £000	Financial assets March 31 2019 £000	Non-financial assets March 31 2019 £000
Current						
Contract Receivable **	13,440	13,440	-	9,867	9,867	-
Provision for Impaired Contract Receivables **	(339)	(339)	-	(269)	(269)	-
Prepayments	1,898	-	1,898	2,417	-	2,417
PDC receivable	305		305	426	426	-
VAT Receivable	1,214		1,214	1,165	1,165	-
Other receivables	707	707	-	708	708	-
Finance Lease Receivable	278	278		-	-	-
Loan assets*	2,154	2,154		2,018	2,018	-
Total current trade and other receivables	19,657	16,240	3,417	16,332	13,915	2,417
Non-current						
Prepayments - Lifecycle replacement	1,467	-	1,467	1,521	-	1,521
Clinician pension tax provision	197	197	-	-	-	-
Finance Lease Receivable	11,988	11,988		-	-	-
Loan assets*	51,918	51,918	-	51,841	51,841	-
Total non-current trade and other receivables	65,570	64,103	1,467	53,362	51,841	1,521

*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 2019/20 - group and trust**	2019/20	
	£000	£000
	Contract Receivables and Contract Assets	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	-

13.2 **Provision for impairment of receivables 2018/19- group and trust**	2018/19	
	£000	£000
	Contract Receivables and Contract Assets	All Other Receivables
Provision as at April 1 2018 - Bought Forward	-	257
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	257	(257)
New Provision amounts arising	133	-
Utilisation of Provision (where receivable is written off)	(121)	-
Provision as at March 31 2019	269	-

13.3 **Analysis of impaired receivables - group and trust**	March 31 2020	March 31 2019
	£000	£000
Ageing of impaired receivables:		
0-30 Days	-	-
31-60 Days	-	-
61-90 Days	1	-
Over 90 Days	338	269
Total impaired receivables	339	269

13.4 **Ageing of non-impaired receivables - group and trust**	March 31 2020	March 31 2019
	£000	£000
Ageing of non-Impaired Receivables		
0-30 Days	4,084	2,874
31-60 Days	1,586	771
61-90 Days	931	335
Over 90 Days	2,830	2,321
Total non-impaired receivables	9,430	6,301

14 **Group trade and other payables**	Total March 31 2020 £000	Financial liabilities March 31 2020 £000	Non-financial liabilities March 31 2020 £000	Total March 31 2019 £000	Financial liabilities March 31 2019 £000	Non-financial liabilities March 31 2019 £000
Current						
Trade payables	9,385	9,385	-	11,269	11,269	-
Trade payables - capital	1,413	1,413	-	1,762	1,762	-
Social security and taxes payable	4,201	-	4,201	3,876	-	3,876
Other payables	2,873	2,873	-	2,941	2,941	-
Accruals	8,975	8,975	-	5,442	5,442	-
Total current trade and other payables	26,847	22,646	4,201	25,290	21,414	3,876

Trade Payables above includes £2,450k relating to business with NHS and Other WGA Bodies at March 31 2020 (£3,661k at March 31 2019). The remaining £6.935k relates to business with bodies external to government at March 31 2020 (£7.608k at March 31 2019)

Other payables above includes £1,480k at March 31 2020 in respect of outstanding Employer Pension Contributions (£1,387k at March 2019).

14.1 **Trust trade and other payables**	Total March 31 2020 £000	Financial liabilities March 31 2020 £000	Non-financial liabilities March 31 2020 £000	Total March 31 2019 £000	Financial liabilities March 31 2019 £000	Non-financial liabilities March 31 2019 £000
Current						
Trade payables	8,389	8,389	-	9,161	9,161	-
Trade payables - capital	1,177	1,177	-	1,488	1,488	-
Social security and taxes payable	4,076	-	4,076	3,824	-	3,824
Other payables	2,794	2,794	-	2,912	2,912	-
Accruals	9,545	9,545	-	6,482	6,482	-
Total current trade and other payables	25,981	21,905	4,076	23,867	20,043	3,824

Trade Payables above includes £2,450k relating to business with NHS and Other WGA Bodies at March 31 2020 (£3,661k at March 31 2019). The remaining £5.939k relates to business with bodies external to government at March 31 2020 (£5.500k at March 31 2019).

Other payables above includes £1,429k at March 31 2020 in respect of outstanding Employer Pension Contributions (£1,369k at March 2019).

15 **Other Liabilities - Group**	March 31 2020 £000	March 31 2019 £000
Current		
Deferred Income	7,254	2,805
Total current other Liabilities	7,254	2,805
Non-current		
Deferred Tax Liability	316	32
Total non-current other Liabilities	316	32

15.1 **Other Liabilities - Trust**	March 31 2020 £000	March 31 2019 £000
Current		
Deferred Income	7,254	2,804
Deferred gain on disposal	656	656
Total current other Liabilities	7,910	3,460
Non-current		
Deferred gain on disposal	491	1,147
Total non-current other Liabilities	491	1,147

16 **Borrowings - Group and Trust**	March 31 2020 £000	March 31 2019 £000
Current		
Loans from foundation trust financing facility	2,743	2,774
Obligations under private finance initiative contracts	1,564	1,561
Total current borrowings	4,307	4,335
Non-current		
Loans from foundation trust financing facility	31,689	33,872
Obligations under private finance initiative contracts	50,881	52,445
Total Non-current borrowings	82,570	86,317

16.1 **Borrowings - Trust**	March 31 2020 £000	March 31 2019 £000
Current		
Loans from foundation trust financing facility	2,743	2,774
Obligations under private finance initiative contracts	1,564	1,561
Loans from Subsidiary Company	-	750
Total current borrowings	4,307	5,085
Non-current		
Loans from foundation trust financing facility	31,689	33,872
Obligations under private finance initiative contracts	50,881	52,444
Total Non-current borrowings	82,570	86,316

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 2019	90,652	36,646	-	54,006
Cash Movements:				
Financing cash flows - principal	(3,744)	(2,183)	-	(1,561)
Financing cash flows - interest	(3,989)	(1,448)	-	(2,541)
Non-Cash Movements:				
Interest charge arising in year (application of effective interest rate)	3,958	1,417	-	2,541
Carrying Value at March 31 2020	86,877	34,432	-	52,445

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 2019	91,401	36,646	750	54,005
Cash Movements:				
Financing cash flows - principal	(4,494)	(2,183)	(750)	(1,561)
Financing cash flows - interest	(3,991)	(1,448)	(2)	(2,541)
Non-Cash Movements:				
Interest charge arising in year (application of effective interest rate)	3,960	1,417	2	2,541
Carrying Value at March 31 2020	86,876	34,432	-	52,444

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

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18 PFI obligations (on SOFP) - group and trust	March 31 2020 £000	March 31 2019 £000
Gross PFI liabilities of which liabilities are due:		
- Not later than one year;	4,033	4,102
- Later than one year and not later than five years;	16,284	16,184
- Later than five years.	65,681	69,814
Finance charges allocated to future periods	(33,553)	(36,094)
Net PFI Liabilites	52,445	54,006
- Not later than one year;	1,564	1,561
- Later than one year and not later than five years;	7,181	6,758
- Later than five years.	43,700	45,687
Total PFI obligations	52,445	54,006

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 2020 Total £000	March 31 2020 PFI 1 £000	March 31 2020 PFI 2 £000	March 31 2019 Total £000
16th to 20th years (inclusive)	3,807	3,807	-	3,712
26th to 30th years (inclusive)	7,861	-	7,861	7,673

18.2 PFI total commitments (on SOFP) - group and trust	March 31 2020 £000	March 31 2019 £000
- Not later than one year;	11,669	11,384
- Later than one year and not later than five years;	49,665	48,456
- Later than five years.	306,668	319,604
Total commitments in respect of the PFI	368,002	379,444
- Not later than one year;	11,092	10,822
- Later than one year and not later than five years;	41,660	40,647
- Later than five years.	156,984	159,775
Total present value of commitments	209,736	211,244

18.3 PFI service commitments (on SOFP) - group and trust	March 31 2020 £000	March 31 2019 £000
Charge in respect of the service element of the PFI for the period	4,251	4,010
Commitments in respect of the service element of the PFI:		
- Not later than one year;	4,125	4,008
- Later than one year and not later than five years;	15,746	15,280
- Later than five years.	64,868	65,788
	84,739	85,076

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.

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Notes to the financial statements

19	Provisions for Liabilities and charges - group	Total £000	Legal claims £000	Property £000	Restructuring £000	Injury allowance £000	Other £000
	At April 1 2019	2,367	203	912	-	1,029	223
	Arising during the year	677	100	27	316	-	234
	Utilised during the year	(163)	(79)	-	-	(73)	(11)
	Reversed unused	-	-	-	-	-	
	At March 31 2020	2,881	224	939	316	956	446
	Expected timing of cash flows:						
	- Not later than one year;	987	224	124	316	74	249
	- Later than one year and not later than five years;	296	-	-	-	296	-
	- Later than five years.	1,598	-	815	-	586	197
	Total provisions for liabilities and charges	2,881	224	939	316	956	446

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 2021.

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 2020 (£63k at March 31 2019).

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 2020.

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 £196k for Increment Provision, £197k for Clnicians 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 £000	Legal claims £000	Property £000	Restructuring £000	Injury allowance £000	Other £000
	At	2,367	203	912	-	1,029	223
	Arising during the year	488	100	27	127	-	234
	Utilised during the year	(163)	(79)	-	-	(73)	(11)
	Reversed unused	-	-	-	-	-	
	At	2,692	224	939	127	956	446
	Expected timing of cash flows:						
	- Not later than one year;	995	224	124	127	74	446
	- Later than one year and not later than five years;	296	-	-	-	296	-
	- Later than five years.	1,401	-	815	-	586	-
	Total provisions for liabilities and charges	2,692	224	939	127	956	446

19.2	Clinical Negligence liabilities - group and trust	March 31 2020 £000	March 31 2019 £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	754	1,143

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

The Group was contractually committed to £1,173k at 31 March 2020 (£1,195k at 31 March 2019) of capital expenditure for the purchase of property, plant and equipment.

21 **Third party assets**

The trust held £1,073k cash and cash equivalents at March 31 2020 (£1,066k March 31 2019) 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 2019/20 £000	Group 2018/19 £000	Trust 2019/20 £000	Trust 2018/19 £000
	At April 1	17,714	17,415	16,388	16,881
	Net change in year	(3,759)	299	(4,728)	(493)
	At March 31	13,955	17,714	11,660	16,388
	Broken down into:				
	Cash in hand (petty cash)	40	45	40	45
	Cash at commercial banks	2,295	1,326	-	-
	Cash at GBS	11,620	16,343	11,620	16,343
	Cash and cash equivalents as in SOFP	13,955	17,714	11,660	16,388
	Bank overdraft				
	Cash and cash equivalents as in SOCF	13,955	17,714	11,660	16,388

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	
	2019/20	2018/19
	£000	£000
University Hospital Birmingham NHS Foundation Trust	4,608	3,021
NHS Birmingham and Solihull CCG	144,166	137,943
NHS England	85,671	78,188
Health Education England	9,333	8,810
Solihull Metropolitan Borough Council	2,698	2,612
Birmingham Women's and Children's Hospital NHS Foundation Trust	1,574	1,634
Department of Health and Social Care	943	3,169

	Expenditure > £1.5m	
	2019/20	2018/19
	£000	£000
Birmingham Community Healthcare NHS Trust	3,707	3,459
NHS Pension Scheme	24,742	16,490
HMRC - Other Taxes and NI	16,388	15,207

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 2020	March 31 2019
	£000	£000
NHS England	5,496	3,467
HMRC (VAT)	1,214	1,165
University Hospital Birmingham NHS Foundation Trust	1,622	528
Birmingham Women's and Children's Hospital NHS Foundation Trust	522	1,933
NHS Birmingham and Solihull CCG	2,414	207

	Payables > £0.5m	
	March 31 2020	March 31 2019
	£000	£000
NHS England	116	1,375
HMRC - Other Taxes and NI	4,201	3,876
NHS Pension Scheme	2,425	2,268
Sandwell and West Birmingham Hospitals NHS Trust	484	611
Birmingham Community Healthcare NHS Trust	676	392
NHS Property Services	675	453
University Hospital Birmingham NHS Foundation Trust	554	372

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 2020 the Trust was owed £167k (£129k at March 31 2019) 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 2020 the Trust was owed £54,072k from the company (£53,860K at 31 March 2019) . Income from Summerhill Services Limited during the year amounted to £19,734k (£13,523k at 31 March 2019) and the expenditure incurred was £20,283k (£14,135k at 31 March 2019).

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	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
Roisin Fallon-Williams (Appointed 1st March 2019)	CQC	Executive Reviewer
Brendan Hayes (Left the Trust 30th April2019)	NIL	NIL
Dr Hilary Grant	*BSMHFT	*Son working on Trust Bank Admin
	*BSMHFT	*Husband Working as principal clinical psychologist at meriden Programme
Sue Hartley	NIL	NIL
Dave Tomlinson	DEAT Consulting Limited which has previously provided services to the NHS	95% Shareholder and Director
	Summerhill Services Limited	Director
	*BSMHFT	*Wife working as Executive Assistant
Charlotte Bailey	CGI Digital	Digital Technology Compnay
Vanessa Devlin	NIL	NIL
Linda Cullen (Appointed 1st January 2019)	CQC	Second Opionion Appointed Doctor
	Locum Child and Adolescent Consultant Psychiatrist	HTT CAMHS, Post due to end 4th April 2019
Barry Henley (Left the Trust 29th May 2019)	King David Religious Education Fund	Charity Trustee
	Birmingham Jewish Community Care	Chair of Charity Trustees
Joy Warmington	BRAP	Chief Executive Officer
	Migrant Voice	Director
Waheed Saleem	Walsall Alliance Limited	Managing Director
	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
	Waldoc Limited	Director
Gianjeet Hunjan	University of Birmingham	College Finance Manager
	ACCEA	Chair – West Midlands
	Oldbury Academy	Governor
	Ferndale Primary School	Governor
Phillip Gayle	Black Landlord UK	Director
	PG Consultancy Business Ltd	Director
	Servol Community Services	Company Secretary
Susan Young	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
	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 2020 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 2020 Loans and receivables £000	March 31 2019 Loans and receivables £000
	Assets as per SOFP		
	Trade and other receivables excluding non-financial assets	14,290	11,897
	Cash and cash equivalents (at bank and in hand)	13,955	17,714
	Total group financial assets at March 31	28,245	29,611

25.1	**Trust financial assets by category**	March 31 2020 Loans and receivables £000	March 31 2019 Loans and receivables £000
	Assets as per SOFP		
	Trade and other receivables excluding non-financial assets	16,240	13,915
	Cash and cash equivalents (at bank and in hand)	11,660	16,388
	Total trust financial assets at March 31	27,900	30,303

26	**Group financial liabilities by category**	March 31 2020 Other financial liabilities £000	March 31 2019 Other financial liabilities £000
	Liabilities as per SOFP		
	Borrowings excluding finance lease and PFI liabilities	34,432	36,646
	Obligations under private finance initiative contracts	52,445	54,006
	Trade and other payables excluding non-financial liability	22,646	21,414
	Total group financial liabilities at March 31	109,523	112,066

26.1	**Trust financial liabilities by category**	March 31 2020 Other financial liabilities £000	March 31 2019 Other financial liabilities £000
	Liabilities as per SOFP		
	Borrowings excluding finance lease and PFI liabilities	34,432	37,396
	Obligations under private finance initiative contracts	52,445	54,005
	Trade and other payables excluding non-financial liability	21,905	20,043
	Total trust financial liabilities at March 31	108,782	111,444

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 51 cases of losses and special payments totalling £34k during the year to March 31 2020 (203 cases totalling £259k during the year to March 31 2019). These amounts are reported on an accruals basis but excluding provisions for future losses.

Losses and special payments (approved cases only)	2019/20 Total No. of cases Number	2019/20 Total value of cases £000	2018/19 Total no. of cases Number	2018/19 Total value of cases £000
Losses:				
Losses of cash due to :				
Theft, fraud etc	10	1	5	1
Fruitless payments and constructive losses	-	-	-	-
Bad debts and claims abandoned in relation to :				
Other	15	29	145	121
Damage to buildings, property etc. (including stores losses) due to:				
Theft, fraud etc	-	-	-	-
Store losses	-	-	1	12
Other	-	-	-	-
Total Losses	25	30	151	134
Special payments :				
Compensation under legal obligation	-	-	14	122
Ex gratia payments; in respect of; loss of personal effects	26	4	38	3
Total special payments	26	4	52	125
Total losses and special payments	51	34	203	259

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 2020, is based on valuation data as at 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

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

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

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

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29	**Corporation Tax Expense**	2019/20 £000	2018/19 £000
	UK corporation tax expense	17	-
	Adjustment in respect of prior years	-	-
	Current tax expense	17	-
	Origination and reversal of temporary differences	285	143
	Deferred tax expense	284	143
	Total income tax expense in statement of comprehensive income	301	143
	Reconciliation of effective tax charge		
	Effective tax charge percentage	-	-
	Tax if effective tax rate charged on surpluses before tax	-	-
	Effect of :		
	Surpluses not subject to tax	-	-
	Non-deductible expenses	-	-
	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	-	-

30	**Deferred tax asset / liability**	2019/20 £000	2018/19 £000
	Deferred tax asset to be recovered after > 12 months	-	-
	Deferred tax liability to be recovered after > 12 months	316	32
	Total deferred tax asset / Liability	316	32

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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

Birmingham and Solihull Mental Health NHS Foundation Trust
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Noted	Meaning
"k"	'000
" £ m"	'000000
" '000 "	'000

Birmingham and Solihull Mental Health
NHS Foundation Trust
Unit 1, 50 Summer Hill Road
Birmingham
B1 3RB

Main switchboard: 0121 301 0000
Website: www.bsmhft.nhs.uk