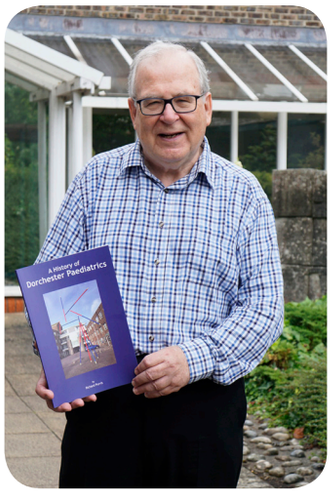
Respect
Integrity
Teamwork
Excellence

NHS
Dorset County Hospital
NHS Foundation Trust

Annual Report and Accounts

2019 - 2020



Outstanding care for people in ways which matter to them

Dorset County Hospital NHS Foundation Trust

Annual Report and Accounts 2019/20

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

Contents

Performance Report

Overview of the Trust

Purpose of the Overview

The overview is intended as a short summary to enable the reader to understand the organisation, its purpose, the key risks to the achievement of its objectives, and how it has performed during the year.

Statement from the Chair and Chief Executive

It goes without saying that the tail end of 2019-20 was eclipsed by the coronavirus outbreak and the swift preparations we had to put in place to cope with an expected surge in patients affected by COVID-19.

We are immensely proud of the way teams throughout the hospital rose to the challenge and ensured we were able to continue to run the hospital safely and offer the very best care to everyone who needed us during this challenging period. It was hugely impressive how well our teams pulled together to respond to the emergency and the radical and rapid reorganising and restructuring of the hospital.

At the time of writing this annual report we have passed the first peak of coronavirus but the risk of future waves and peaks remain. COVID-19 is here with us for the foreseeable future and we need to continue to actively manage this incident.

We will be restarting services that have been slowed or paused in a planned way taking into account the new constraints we face. We will have to redesign how the hospital looks and runs as we continue to deal with COVID-19. We will also ensure that we take the best of the changes, the learning and innovation from this period and use it as an opportunity to reset how we do things.

This annual report is a chance to reflect back over the past 12 months, and as ever we continued to see unprecedented demand on our services. 'Winter pressures' are now experienced all year round with the hospital running at very high levels of bed occupancy throughout.

Our ability to cope was stretched and did affect our performance by the end of the financial year. Some of our patients had to wait longer for appointments than we would like and regrettably we had to cancel some planned procedures because of the sustained high level of emergency admissions. We recognise that we have to plan ahead for these ongoing pressures and we will only succeed if we do this as a health and social care system and work ever more closely with our partners. We are grateful for the support of our partner organisations and their commitment to working together on providing the best services possible for our population.

Despite the ongoing pressures our staff maintained their focus on quality and we are proud that we can demonstrate our patients have continued to receive the highest standards of care. Due to coronavirus pressures we are not required to publish a Quality Report until later in the year but we did make further improvements in key quality standards. We have also maintained an excellent standard of infection prevention with very low levels of hospital acquired infections. These improvements in quality have been achieved alongside tight financial controls and we are grateful for the way in which everyone has remained committed to making efficiencies.

This year we have particularly focussed on developing our approaches to social value, diversity and inclusion, and quality improvement and are excited about taking these important elements forward next year. Social value is about ensuring that everything we do has as positive an impact as possible on the social, economic and environmental health of the communities we serve. Diversity and inclusion is about ensuring that we recognise and celebrate the diverse skills, experiences and

cultures of all our staff and that they feel included and have a sense of belonging. Quality improvement is about ensuring that all our staff are empowered and enabled to make changes to the way they work and the way they care for our patients.

Our teams have achieved a great deal over the year. Our achievements and success as a hospital is down to them. We would like to take this opportunity to thank our staff and all our supporters for their unfailing commitment and enthusiasm.

Mark Addison
Chair

Nick Johnson
Acting Chief Executive

Highlights of the Year

April 2019

Practice Educator Jane O'Brien featured in RAF Families Federation's Envoy magazine. In her two-page article, Jane looked back over her transition from the RAF into the NHS and some of the challenges she faced. Dorset County Hospital has a Voluntary Veterans Network which aims to promote veterans' welfare alongside the Armed Forces Covenant.

Our Haemodialysis Unit received an amazing donation of £2,000. Sarah's dad was undergoing dialysis treatment but due to hospital advances he was able to receive this treatment in the comfort of his own home. Sarah works at the Premier League and decided to give her share of charitable funds to our Trust as a thank you.

May 2019

Dorset County Hospital was one of five trusts in the country to be shortlisted for the CHKS national healthcare efficiency award, part of the CHKS Top Hospitals programme awards 2019. The awards celebrate the success of healthcare providers across the UK and are awarded to healthcare organisations for their achievements in healthcare quality and improvement.

We were delighted to be the first hospital in the country to make use of a device feed in an Infection Control Database (ICNet). It feeds direct information and allows us to work with our wards to continue to maintain a low rate of infection. Bati Vutabwarova from ICNet joined our Infection Prevention and Control team to congratulate them.

June 2019

Dorset County Hospital staff and volunteers were recognised for their hard work and dedication at the 2019 GEM and Long Service Awards. The awards are presented annually to recognise people who have excelled in the Trust values – Going the Extra Mile – and to those who have achieved 25 years of NHS service.

Graham Curtis donated an incredible £3,500 to the Friends of DCH after taking part in the Dorchester Lions 2K Fun Run, held earlier this year. The money will go towards the Friends' pledge to raise £17,000 for a new ultrasound machine for the Respiratory Department. The new machine will allow for clearer and quicker procedures for patients with plural diseases.

The Prince's Trust worked over two weeks to transform a hospital courtyard for the benefit of both staff and patients.
It was a fantastic team effort with our stroke therapy team, dementia care team, volunteer coordinators and estates team and Arts in Hospital.

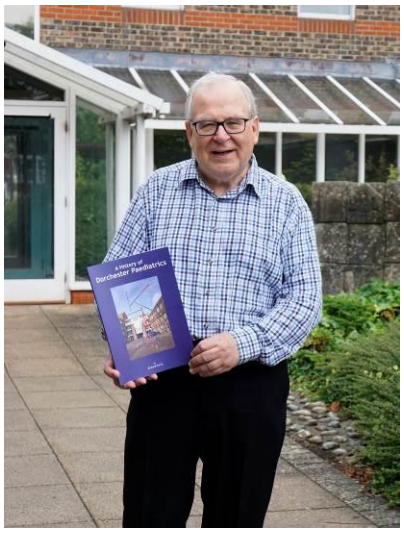
Consultant Nurse Natalie Harper was awarded the Queen's Nurse award. The title of Queen's Nurse has historically and is still predominantly awarded to nurses working within the community, however over the last few years they have recognised the work of those who contribute not just locally but regionally and nationally to policies and who strive to improve care at this level in order to keep patients within their own homes.

July 2019

Funds raised by the Friends of DCH were used to build a new garage at Dorset County Hospital to house the hospital's new Blood Bikes, both of which were donated earlier this year. The Blood Bikes, which were previously kept at the fire station in Poundbury, now have a permanent home at the hospital.

We unveiled our development plans for the future to expand our Emergency Department (ED) and Intensive Care Unit (ICU) as well as establish an Integrated Care Hub. Phase one of the development would be to build a multi-story car park to free up space on the site for the clinical facilities development.

Hundreds of people flocked to Dorset County Hospital for our first Summer Spectacular. The event, held on Saturday 6 July, was hailed an overwhelming success, raising more than £2,500 for the hospital's Chemotherapy Appeal, and other good causes.



A retired consultant from Dorset County Hospital published a book recording the development of children's medical services over the past half-century. Richard Purvis worked at Dorset County Hospital as a Consultant Paediatrician for 40 years, starting in 1973. Full of fantastic photos and anecdotes, A History of Dorchester Paediatrics, records the dramatic development of the children's medical services at DCH and across West Dorset, highlighting the vital contributions made by working alongside fellow professionals in health, educations and social services.

Ulamila Brocklebank and Ella Saunders completed the Florence Nightingale Windrush Leadership Programme, which offers nurses and midwives from BME backgrounds bespoke leadership development. They thoroughly enjoyed the course and making contacts with other nurses across the country. They are both now officially Florence Nightingale Scholars.

August 2019

Dorset County Hospital launched a new recruitment microsite. The site includes information about the Trust and all its latest vacancies, as well as further information about a variety of roles and benefits to working at the hospital. It also provides additional information about what it is like to live in Dorset and what it has to offer as a county.

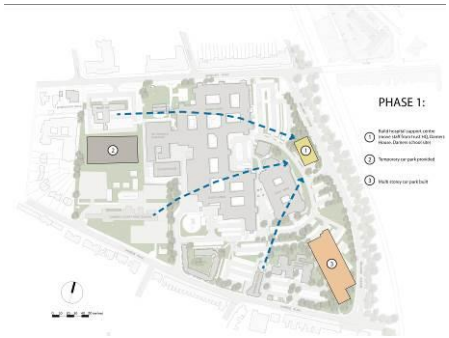
September 2019

Dorset County Hospital held an Endoscopy Open Day to showcase the roles and opportunities available in the department. The endoscopy team gave a tour of the department as well as showing a simulation of a procedure.

Dorset County Hospital was ranked as one of the top performing Trusts by The Children and Young People's Patient Experience Survey 2018 and the NHS Urgent and Emergency Care Survey 2018. In the Children and Young People's Patient Experience Survey, DCH was the only Trust to receive 100 per cent positive feedback on how staff speak to children about their worries.

We held a celebration to thank the wonderful volunteers who joined the Trust in the summer as part of our new Young Volunteers Programme. Joanna, Annabelle, Amelia, Katie, and Sophie are just five of our 15 young volunteers who gave up their time to help at the Trust. All five of them are continuing to volunteer with us and our programme has even inspired Joanna to study to become a nurse.

October 2019



We submitted our planning application to build a multi-storey car park as part of our plans to expand the Emergency Department (ED) and Intensive Care Unit (ICU) and establish an Integrated Care Hub.

Dorset County Hospital was selected to receive a share of £200 million in funding for new cancer screening equipment. The money will be used to replace, refurbish and upgrade existing cancer screening equipment. This will include bringing in alternatives to CT and MRI scanners which have lower radiation levels and also upgrading breast screening imaging and assessment equipment.

November 2019

Our Chief Executive Patricia Miller was awarded an OBE for services to the NHS. She collected her OBE at Buckingham Palace with her husband and two daughters. Patricia joined the Trust as Director of Operations in 2011 and was appointed as Chief Executive in September 2014.

A number of wards at the Trust including Fortuneswell, Ilchester, Maud Alexander, Prince of Wales, Moreton, Stroke and Purbeck wards achieved 365 days of non-reportable pressure ulcers. For Moreton, Stroke and Prince of Wales this was for the second year running.

December 2019

We celebrated the first anniversary of the Robert White Centre with our colleagues from Poole Hospital. The radiotherapy and outpatients departments have made a huge difference to our patients and none of it would have been made possible without the Robert White Legacy Fund, hospital fundraisers and all the hard-working and dedicated staff.

Dorset County Hospital's Chemotherapy Appeal received a major boost following three £100,000 donations from the Fortuneswell Cancer Trust, Alice Ellen Cooper Dean Foundation and Dorset Health Trust. The Appeal aims to redevelop the hospital's Chemotherapy Unit. This includes providing the best possible environment for patient care, space for family and friends to sit with patients during treatment, and an overall improvement in experience for relatives and carers.

January 2020

Clinicians at Dorset County Hospital worked with colleagues in primary care to introduce new initiatives to improve the care offered to patients with respiratory illnesses and conditions. The aim of their work is to better integrate the services provided by the hospital and GP practices to enable better care and diagnosis for respiratory patients and reduce the need for hospital admissions.

A new team of midwives was launched to focus care on expectant mothers in North Dorset to ensure stronger and more personal relationships are built before the birth. The Cranberry Team is formed of eight dedicated midwives who will provide continuity of care for expectant parents living in Blandford, Sturminster Newton and the surrounding areas.

Cardiac Rehab Specialist Nurse Shaun Porter worked with colleagues at Poole Hospital, The Royal Bournemouth and Christchurch Hospitals and Bournemouth-based developers My mhealth to create the innovative myHeart app. The online tool offers cardiac patients a wealth of information about their condition and allows them to follow a programme of exercises tailored to what they need from the comfort of their own home.

Dorset County Hospital achieved one of the highest staff flu vaccination uptake rates in the country, and the highest rate in the whole of the South West region at 89%. The hospital's success has been attributed to a team effort, with a dedicated group of peer vaccinators and a focus on creative and consistent communication around the importance of staff getting their jabs.

February 2020

Ambulance handover times at Dorset County Hospital were ranked the quickest in the South West region thanks to an innovative new approach. The Emergency Department (ED) team established a Flow Assistance Bay (FAB) which has made a significant difference to how fast patients coming into the department from ambulances can be assessed and treated.

Women giving birth at Dorset County Hospital can be assured of high standards of care. Results from the Care Quality Commission's 2019 Maternity Survey highlighted DCH as surpassing the national average in a number of key areas. The Trust's most positive results related to women's experience interacting and communicating with staff in maternity services, particularly during labour and birth.

A new initiative launched at Dorset County Hospital allows patients to attend virtual appointments at the touch of a button. Attend Anywhere is a new type of software which allows patients to attend their appointments whilst in the comfort of their own home. The software is part of a Dorset-wide trial with Paediatric Consultant William Verling being the first at DCH to take part.

A new fundraising initiative at Dorset County Hospital will help provide earlier diagnosis for patients with Rheumatoid Arthritis. Friends of Dorset County Hospital pledged to raise £20,000 for a new ultrasound machine for the Rheumatology Department. The machine will be able to assist in the early diagnosis and treatment of Rheumatoid Arthritis.

March 2020

A devoted nurse at Dorset County Hospital was recognised by the Prime Minister. Gynae-Oncology Clinical Nurse Specialist Hilary Maxwell received the Points of Light Award for her exceptional service supporting women and girls with gynaecological cancers. Hilary is the founder of GO Girls, providing confidential digital advice and support to hundreds of women and girls with gynaecological cancers.

About the Trust

Dorset County Hospital NHS Foundation Trust's mission is to provide outstanding care for people in ways which matter to them. Our vision is that Dorset County Hospital, working with our health and social care partners, will be at the heart of improving the wellbeing of our communities.

Dorset County Hospital NHS Foundation Trust ("the Trust") achieved Foundation Trust status on 1 June 2007 under the Health and Social Care (Community Health and Standards Act 2003). The Trust took over the responsibilities, staff and facilities of its predecessor organisation, West Dorset General Hospital NHS Trust.

The Trust is the main provider of acute hospital care to the residents of West Dorset, North Dorset, Weymouth and Portland, a population of approximately 215,000 people. It also provides specialist services to the whole of Dorset and beyond including renal services in Bournemouth and Poole, and South Somerset. It serves an area with a higher than average elderly population and lower than average proportion of school aged children. Dorset continues to experience an increasing total population. The main hospital opened on its current site in 1987 and is situated close to the centre of the county town of Dorchester.

The geographical spread of the community the Trust serves requires it to deliver community based as well as hospital based services. This is achieved through providing services in GP practices, in patient homes through Acute Hospital at Home Discharge to Assess and at community hospitals in West Dorset, including Weymouth Community Hospital, Bridport Community Hospital, the Yeatman Community Hospital in Sherborne and Blandford Community Hospital. The Trust also works closely with social services to ensure integrated services are provided.

As an NHS Foundation Trust, we are accountable to Parliament, rather than the Department of Health, and regulated by NHS Improvement. We are still part of the NHS and must meet national standards and targets. Our governors and members ensure that we are accountable and listen to the needs and views of our patients.

The Trust provides the following services for patients:

- Full Emergency Department services for major and minor accidents and trauma;
- Emergency assessment and treatment services, including critical care (the hospital has trauma unit status);
- Acute and elective (planned) surgery and medical treatments, such as day surgery and endoscopy, outpatient services, services for older people, acute stroke care, cancer services and pharmacy services (not an inclusive list);
- Comprehensive maternity services including a midwife-led birthing service, community midwifery support, antenatal care, postnatal care and home births. We have a Special Care Baby Unit;
- Children's services including, emergency assessment, inpatient and outpatient services;
- Diagnostic services such as fully accredited pathology, liquid based cytology, CT scanning, MRI scanning, ultrasound, cardiac angiography and interventional radiology;
- Renal services to all of Dorset and parts of Somerset;
- A wide range of therapy services, including physiotherapy, occupational therapy and dietetics and
- An integrated service with social services to provide a virtual ward enabling patients to be treated in their own homes.

Our business model is based on managing expenditure within the context of agreed contracts with commissioners. The Trust has to manage its costs within the national tariff system to allow us to invest appropriately (staff and infrastructure) in order to provide safe, effective patient care.

The Trust is organised internally as follows: there are two Divisions in the Trust, the Urgent and Integrated Care Division and the Family and Surgical Services Division. Each Division has responsibility for general business: workforce, education, access and flow, space utilisation, and capital and strategic planning. In turn they also have responsibility for governance: safety, clinical effectiveness, safeguarding and patient experience. Each Division is then subdivided into a number of care groups which also hold their own speciality/department meetings.

The Divisions report into the Trust Board Committees on a monthly basis. The Committees and their remits are as follows:

- Finance and Performance Committee provides finance and access assurance.
- Quality Committee provides quality assurance.
- Risk and Audit Committee has a corporate governance responsibility to provide Board Assurance Framework, corporate risks, internal and external audit assurance.
- The Workforce Committee oversees the Trust's People Strategy, monitors standard workforce metrics, and recruitment strategies and approaches.

The Board of Directors meets on a bi-monthly basis and is supported by the assurance and performance sub-committees that it has established. The Board and sub committees have formal Minutes and the Senior Management team provides strategic and operational support to the Board of Directors and its sub committees.

Strategy and Objectives

Strategic Update
The Trust continues to be integral to the Dorset Integrated Care System (ICS), and seeks a sustainable health system for Dorset to meet the needs of our population in a sustainable and efficient way. Following the publication of the NHS Long Term Plan each ICS was required to develop a local Long Term Plan which sets out the priorities for the local health and care system. A draft was submitted in December 2019, however, the COVID19 pandemic will require this to be revisited.

Within the ICS, the Trust is the designated planned care and emergency hospital with Accident and Emergency services for west of the County and we continue to work towards ensuring the hospital has the capacity to deliver these services over the long-term.

Sustainability Opportunities
The Dorset ICS is the Trust's most significant opportunity to remain sustainable as it offers a way forward to address the three main challenges; health and well-being gap, care and quality gap and the finance and efficiency gap. In collaboration with partners across acute, community and primary care, the Trust is transforming its services. Acute collaboration and integration continues through Dorset's One Acute Network programme, while place integration is being progressed through the Integrated Community and Primary Care Services Portfolio. The emergence and development of Primary Care Networks (PCNs) has created opportunities to further collaborate with primary care at scale.

Our current Emergency Department (ED) and Intensive Care Unit (ICU) capacity is exceeded by demand: Initially built for 22,000 attendances per annum, last year ED had over 49,000 attend. We are developing plans for an Integrated Emergency, Community and Primary Care Hub on site. This opportunity would increase the size of the existing ED and ICU, and bring a range of community services onto site and make these critical services sustainable. The project is included DHSC Health Infrastructure Plan, and been allocated funding to develop the outline business case. This is a long term project, with capital funding not expected until 2025 at the earliest. In the meantime the Trust is exploring short term solutions to increase ED/ICU capacity.

The Trust has the once in a generation opportunity to improve its services through the redevelopment of the aging Trust Headquarters and a piece of adjacent land formerly used as a school that is now vacated. Plans are being developed to build a multi-storey car park and a new Hospital Support Centre. These projects will help free up space for future clinical improvements in later years.

The Trust's transformation programmes have been the delivery vehicle for strategic change. Alignment and contribution to the strategic outcomes has been overseen by the Transformation Group; a regular meeting of all Trust executives and senior managers. The Transformation agenda for 2020/21 was developed and approved weeks before COVID19 became a pandemic and is now subject to change.

Separately the Trust developed a set of operational and business plans for its core divisions and corporate services which set out how the Trust will deliver key constitutional standards, improve safety, quality and patient experience and ensure we continue to meet our medium term financial plan to achieve financial sustainability.

Continuous Quality Improvement
In November 2018, the Trust was rated overall as 'Good' by the Care Quality Commission. Our ambition is to improve further to become 'Outstanding'. Continuous Quality Improvement (CQI) has become a priority for the Trust; specifically to adopt a more organisational approach to CQI. Many staff routinely improve quality for the benefit of patents and the services. Building on that good work, CQI is designed to inspire all staff to improve quality wherever they are, by creating the right organisational environment for improvement to flourish and providing staff with the tools and training.

Dorset Long Term Plan

As a key partner in the Dorset Integrated Care System we agreed and successfully submitted the Dorset's Long Term Plan in December 2019. This presents a fully balanced financial position across all four years and requires significant efficiency savings and demand reductions to be delivered in all organisations. Overall the system is planning for a 7% reduction in activity levels by 2023/24, whilst planning for an increase in emergency care that is compensated for by reductions in outpatient, elective and non-elective care. In addition, a Cost Improvement Plan that delivers 4.4% of turnover savings. In the latter part of 2019/20 Dorset ICS elected its first independent chair, Jenni Douglas-Todd a significant milestone in our development as a single system.

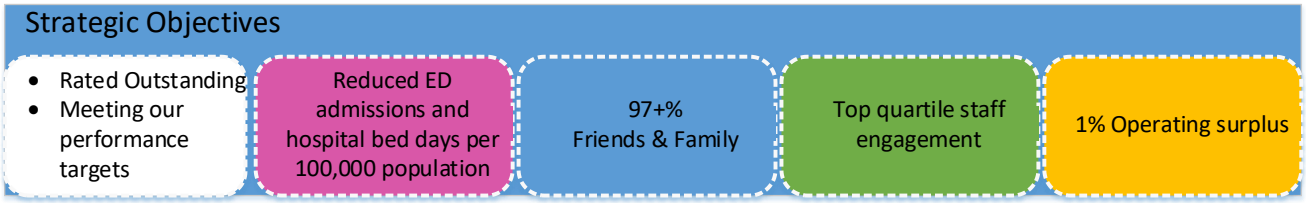
Work continues for the overall Trust strategy to coordinate with and inform the Clinical, People, Estates, Digital and Continuous Quality Improvement strategies.

Mission & Vision

Our Mission
Outstanding care for people in ways which matter to them

Our Vision
Dorset County Hospital, working with our health and social care partners, will be at the heart of improving the wellbeing of our communities

The Trust is refreshing its strategy; the final version will be produced in the coming months. The Trust's Mission and Vision continue to reflect our purpose and remain extant. The intent of the strategic objectives remains with potential to adjust specific targets. The Trust will use the transformation programmes to deliver the strategy.



Priorities & Local Challenges and Opportunities

Development of the Dorset ICS - developing a more integrated approach to the delivery of health and care is an absolute imperative. Trust services are integrating incrementally across acute settings and with PCNs. There is no blueprint for a Dorset wide ICS or for a District General Hospital integrated with a rural population. Therefore the approach needs to include iterative cycles of learning and testing. It must also balance system delivery and organisational governance and sovereignty.

Royal Bournemouth and Christchurch Hospitals and Poole Hospital are undertaking the significant work of merging and reconfiguring services. This may slow down the implementation of Dorset wide solutions.

Capacity for change - The financial challenges facing us mean we need to focus on ensuring our short-term sustainability, while also delivering long-term transformation: These must be delivered in parallel. We must be flexible and respond and adapt quickly to emerging priorities, particularly in light of the dynamic nature of COVID19. Currently, there is a challenge in creating the capacity to deliver strategic change while also maintaining day to day operational performance standards, a full complement of clinical workforce, fiscal sustainability and managing COVID19.

Social Value - The Trust has begun formalising its approach to the delivery of Social Value as an anchor institution. We are measuring and managing how we derive social value from our activities to the wider economic, social and environmental wellbeing of the communities we serve. Social value will be integrated into our planning as a strategic thread across all activities and supports:

- Wider determinants of health
- Population health and well-being
- Reduction in health inequalities
- Sustainable development

COVID19 Response

On 11 March 2020 COVID19 was declared a pandemic. The NHS and many others have acted quickly to minimise the impact. Within the Trust the response was swift and effective; treating patients infected with COVID19, preparing for a surge in critical care demand, caring for patients non-COVID19 patients and supporting staff to deliver care safely and effectively. While we remain in the Response phase other phases will begin:

- Restart – in a planned way, taking into account the new constraints we face, restarting things which we had slowed or paused
- Redesign – planning for how the hospital will look and run over the next 18-24 months as we continue to deal with COVID19
- Reset – ensuring that we take the best of the changes, the learning and innovation from this period and use it as an opportunity to reset how we do things

The expected duration of the incident and the scale of impact will inform the strategy, how it can be delivered and how ambitious we can be. It is also inviting reflection on how we can contribute more the Dorset ICS, the wider system across Dorset to benefit our local population. We must consider those negatively affected and ensure they are part of the strategy.

To inform our actions the Trust has already started a learning project to capture and understand what has changed since COVID19. This work will be complemented by a broader work across the Dorset ICS and another piece with the Dorset's Local Resilience Forum

Key Issues and Risks

Our key strategic risks are captured, monitored and managed via our Board Assurance Framework. Mitigating these risks and issues is linked to the successful delivery of our strategy.

- Performance & Workforce – Achievement of the national and constitutional performance and access standards and the appropriate workforce in place to deliver our patient needs.
- ED admissions & patient flow – Reducing emergency admissions, occupied bed days and the number of stranded patients.
- Dorset Care Record – Having a digital means to share care records across providers in Dorset.
- Senior medical leaders – Having all medical leaders posts filled
- Financial sustainability – A return to financial stability
- Estate – Using our estate efficiently and effectively to deliver safe services

Going Concern Statement

International Accounting Standard 1 requires the board to assess, as part of the accounts preparation process, the Trust's ability to continue as a going concern. In the context of non-trading entities in the public sector, the anticipated continuation of the provision of a service in the future is normally sufficient evidence of going concern. The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the Trust without the transfer of its services to another entity within the public sector.

In preparing the financial statements, the Board of Directors have considered the Trust's overall financial position against the requirements of IAS1.

The Trust recorded an operating surplus of £0.2 million for the year ended 31 March 2020, with a cash balance of £7.3 million. The Trust had an initial plan for 2020/21 which showed the need for significant working capital support. However, this plan was not finalised, or formally approved prior to the suspension of the planning process for 2020/21 by the Department of Health and Social Care (DHSC) at the outset of the CoVID 19 pandemic. Since the outbreak of COVID 19, the NHS financial regime has moved to fixed income, supplemented by support funding within the CoVID 19 period, which has been confirmed as operating until at least 31st October 2020. The Trust is awaiting further guidance on planning for the remainder of the financial year, however, the current cash position and future funding is expected to be sufficient to cover cash requirements for the remainder of the going concern period.

It is also noted that the cash regime within the NHS has changed with effect from April 2020 and any new financial revenue support will be in the form of non repayable Public Dividend Capital rather than interest bearing loans. Therefore, should the Trust be in need of cash support in the period beyond October 2020 it will not be in the form of repayable debt.

Based on the factors outlined above, the Board of Directors has a reasonable expectation that the Trust will have access to adequate resources to continue to deliver the full range of mandatory services for the 12 months from the date of approval of the financial statements and fulfil any liabilities as they fall due.

The Directors consider that this provides sufficient evidence that the Trust will continue as a going concern for the 12 months from the date of approval of the financial statements. On this basis, the Trust has adopted the going concern basis for preparing the accounts.

Performance Analysis

Monitoring Trust Performance
Dorset County Hospital NHS Foundation Trust is committed to the principles of good governance and this includes a robust approach to performance management and performance improvement. The Board aspires to providing the best services within the resources available, ensuing patient safety and experience are prioritised.

The Board monitors Trust performance against a range of key objectives and targets some of which are national targets and some which are set by commissioners. The Board Assurance Framework links to key performance indicators and ensures that the Board's focus is on the key risks to delivery of the organisation's principal objectives. This is in turn linked to the Corporate Risk Register to ensure that all necessary mitigations are in place to reduce risk wherever possible.

This process seeks to encompass the achievement of the broader strategic objectives agreed by the Foundation Trust Board and other enabling strategies to ensure a clear line between national requirements, contractual obligations and strategic business priorities of the Foundation Trust.

The Trust agreed performance trajectories were agreed as part of the 2019/20 contracting round for the four key performance indicators (Emergency Department waiting times, Referral to Treatment waiting times, Diagnostic waiting times and Cancer waiting times).

Operational Performance
Our Emergency Department only achieved the 95% target for one month in the reporting period; however we are incredibly proud that it continues to be one of top performing departments in the country. The department tracked between five and ten percent above the combined national performance every month for 2019/20. This has been against a backdrop of a tougher winter period throughout the NHS with higher demand and some extreme weather putting increased pressure on the local urgent care services, testing resilience plans on a number of occasions. This year we have introduced the Faster Assessment Bay (FAB) which allows for rapid assessment at the front door. The scheme has resulted in a dramatic reduction in ambulance handover delays, with DCH now one of the best performing providers in the South West. The FAB has created better flow in the department and helped ease overcrowding and fast admission when required.

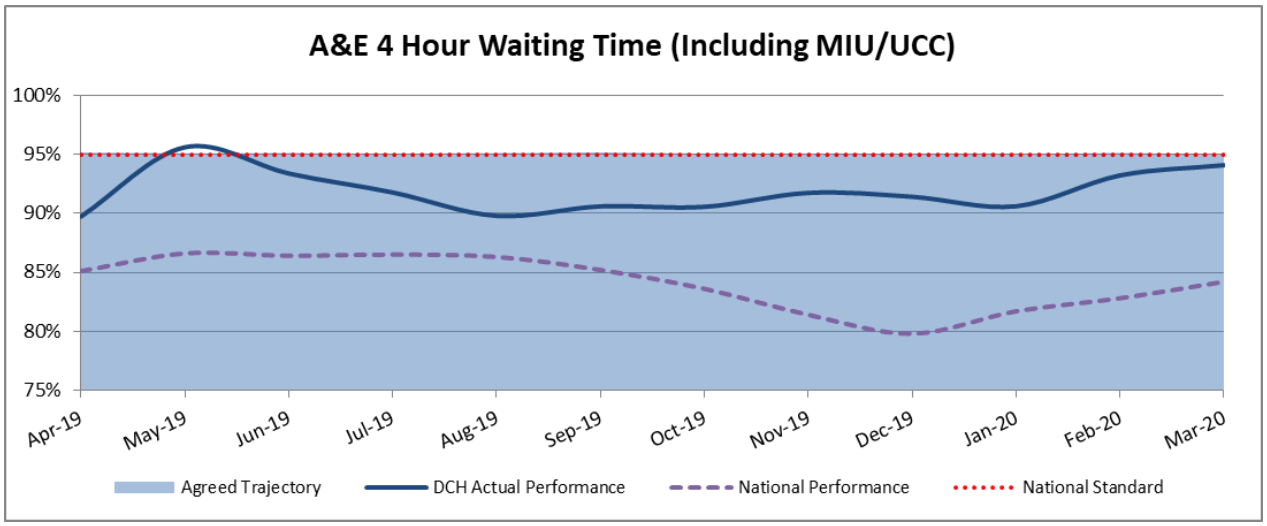
A national shortage of trained consultants combined with our rural location has made it difficult to recruit and retain staff in key specialties such as Ophthalmology which has impacted planned care activity volumes. The prolonged pressures of winter which resulted in high bed occupancies rates all year restricted our ability to deliver planned activity and resulted in a number of cancelled operations, impacting the already stretched performance against Referral to Treatment targets. To mitigate this we have undertaken a procurement process to purchase additional surgical capacity from the independent sector which has enabled us to increase surgical capacity offsite where it is not impacted by the emergency demand.

Our Cancer performance of the 62 day treatment standard has seen some big month on month fluctuations which is driven by our relatively small Cancer department. We are delighted to have tracked above the national combined performance for 7 months in 2019/20, an improved position on the previous year. This has been achieved by maintaining our rigours executively led patient tracking programme and wider system working to address capacity restraints at the front of the cancer pathways.

Performance against the 6 week Diagnostic standard has been one of our best success stories this year. We have struggled to sustain an improved position in previous years, but we met the agreed improvement trajectory for 10 out of the 12 months last year. The Endoscopy department has introduced a number of initiatives to improve performance that has seen productivity improvements, a reconfigured nursing provision and weekend working. The decline seen in March marked the start of the Coronavirus preparations as routine procedures were cancelled.

Emergency Department

2019/20 has been an exceptionally challenging year for the department. It has seen a 2.8% increase in ED attenders; this follows a 7.2% increase the previous year. The department experienced a 4.1% increase in admissions via ED and a 5.7% increase in the number of ambulance conveyances to ED. The combined Type 1 and Type 3 performance (Emergency Department and Urgent Care Centre) achieved the 95% standard for 1 month in 2019/20 and achieved above the national combined performance for 12 months of the year. This level of performance against a backdrop of continued increases in demand for the service is something we continue to be proud of.

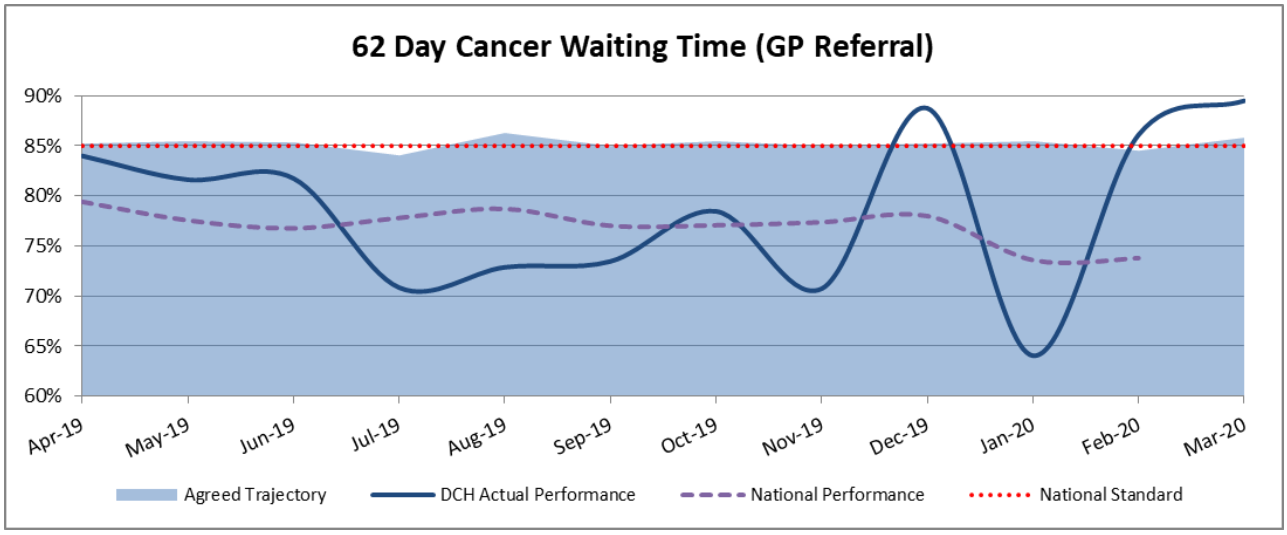


Cancer Waiting Times

The Trust has seen had another year of significant increase in demand for the cancers services. Demand of two week referrals was 7.1% up compared to 2018/19, this translates to an additional 675 patients.

The demand spiked at the beginning of the year which resulted in a quarter 1 performance of 68.26% of patients receiving their first outpatient appointment within 2 weeks. This improved steadily throughout the year, with quarter 4 performance ending at 86.1%.

The demand increases at the start of the pathway impacted the delivery of our performance against the 62 day standard in quarter 2.



Quarter 3 and 4 experienced fluctuation but performance throughout the year regularly outperformed the combined national picture and the 85% target was achieved in March with a fantastic performance of 90.6%.

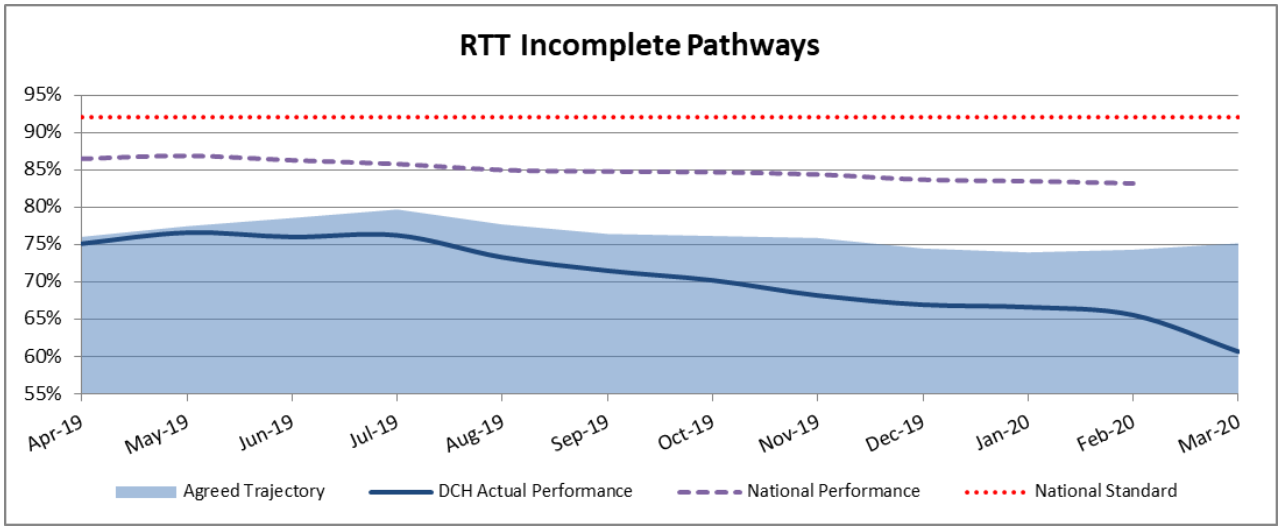
Planning for sustained increases in demand for cancer services is a top priority for the Trust in 2020/21 and how this is achieved across Dorset, ensuring that waiting times are equal throughout the county.

Referral to Treatment Times

Achievement of the Referral to Treatment standard for elective care has been challenging throughout 2019/20, with performance falling from 75.1% in April 2019 to 60.7% by March 2020. Demand at Dorset Country Hospital remained static, but comparatively this is not representative as routine referrals were not accepted from the middle of March as part of the Trusts Coronavirus preparations.

All services have seen a decline in performance with the exception of Cardiology which routinely achieved above 90% and had a demand increase of 11.6%. The main contributing factors to the decline in the referral to treatment times were the further increase in emergency care which displaces planned care and the increase in cancer demand which displaces routine patients. There are also national shortages of consultants in specialities such as Ophthalmology and Dermatology, making recruitment challenging in a rural location.

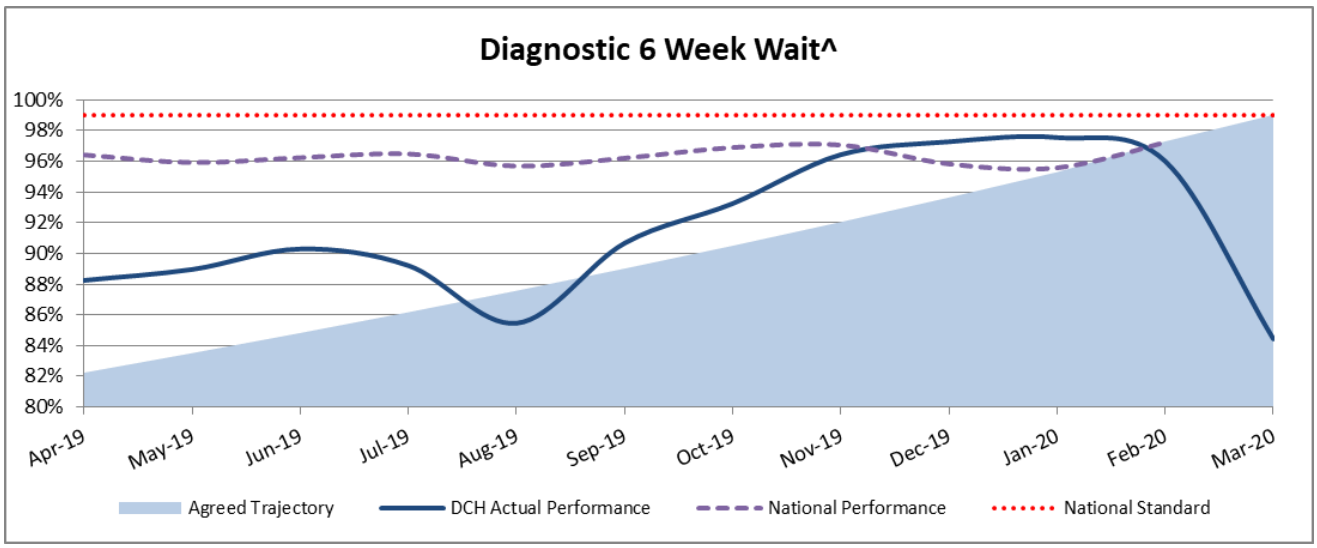
During quarter 4 the Trust commissioned activity with a number of other NHS providers and with the Independent sector. This enabled us to increase capacity offsite and protect it from the influence of the rising emergency demand. We will continue to explore all options to support the reduction of waiting times in all specialities in 2020/21.



Diagnostic waiting times

Diagnostic waiting times have seen a steady improvement during 2019/20. Performance from December exceed that of the combined national performance, which is a significant step change in comparison to the start of the year.

This was achieved through improved efficiencies and new ways of working in Endoscopy, increased capacity in Audiology and focused attention on the management of missed appointments. We were also proud to receive JAG accreditation (Joint Advisory Group on GI Endoscopy accreditation, awarded to high-quality gastrointestinal endoscopy services) for our Endoscopy unit, who were commended for their standard operating procedures and improved waiting times.



Summary
The Trust is pleased with the performance in Emergency Care delivered throughout the year with being up against such significant increases in demand. The Trust continues to work to improve patient experience working with our system partners to support care outside of hospital within the community.

This has been a challenging year for both Cancer and Referral to Treatment performance but a sustained improved position with diagnostic waiting times. To ensure that safe, quality care is continues to be delivered and performance is improved in 2020/21, different ways of working, including the utilisation of virtual clinics, will be required both locally at Dorset County Hospital and as a system across Dorset.

Our Financial Performance

In 2019/20, the Trust's financial plan recognised the increased demand for NHS services, bringing with it increasing financial pressures, which are being experienced across the country. Therefore the Trust's plan, highlighted significant financial challenges in delivering a breakeven position.

The Trust delivered a surplus of £0.2 million, which equates to approximately 0.1% of the Trust's turnover. Table 1 below sets out the Trust's adjusted deficit of £0.1 million as assessed by NHS Improvement. This excludes the movements linked to donated capital assets of £0.1 million and prior year PSF post accounts reallocation.

Table 1 : Financial Performance against plan	2019/20 Plan £ millions	2019/20 Actual £ millions	Variance £ millions
Total income	194.7	209.5	14.8
Total expenses	-194.7	-209.3	-14.6
Operating deficit/surplus	0.0	0.2	0.2
Capital donations	-0.3	-0.2	0.1
Donated depreciation	0.3	0.3	0.0
Prior year PSF post accounts reallocation	0.0	-0.2	-0.2
Adjusted deficit/surplus	0.0	0.1	0.1

Performance Against Plan
Income exceeded our financial plan, leading to a favourable variance of £14.8 million. Of this £5.3 million relates to the pension contributions paid by NHS England, £8.0 million of NHS commissioner funding to support additional activity and drugs spend, £1.8 million of project funding, £0.8 million of COVID19 funding offset by £1.1 million is underachievement of the income target included in the Trust's Cost Improvement Plan. Expenditure was £14.6 million above plan, of which £5.3 million relates to the pension contributions paid by NHS England, £8.2 million expenditure on activity and projects related to additional income received in year, £0.3 million is underachievement of the Cost Improvement Plan and £0.8 million of COVID19 costs.

The impact of donated assets was below the original expectations, set out in our financial plan by £0.1 million. The Trust received an additional £0.2 million for prior year Provider Sustainability Funding (PSF) form a post accounts reallocation.

Sustainability and Transformation Funding
The financial plan included £9.0 million Provider Sustainability Funding (PSF), Financial Recovery Fund (FRF) and Marginal Rate Emergency Tariff (MRET) from NHS Improvement which required us to achieve agreed financial targets.

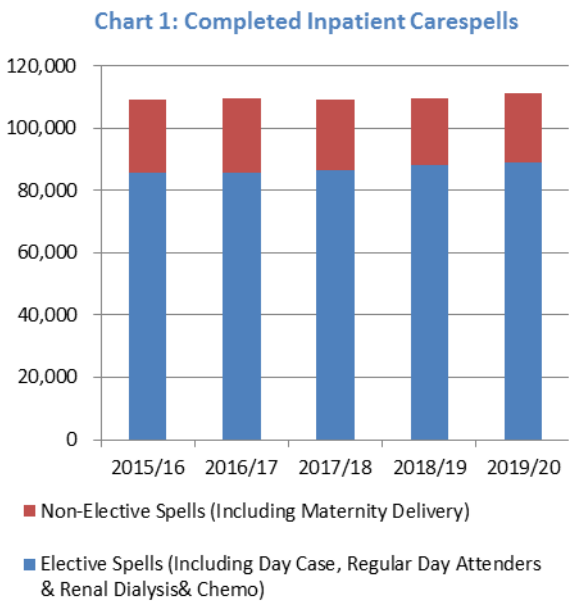
The Trust achieved these targets and also received an additional £0.2 million for prior year PSF post accounts reallocation.

Cost Improvement Programme
At the start of the year, the Trust set a £7.1 million Cost Improvement Programme (CIP target), reflecting the level of savings required to deliver our financial plan, achieve national efficiency targets and treat patients within the funding available from our commissioners.

The Trust achieved £5.7 million of these efficiencies and savings, of which £3.9 million is recurrent and £1.8 million is non-recurrent. Local savings at division level were complemented by Trust-wide savings; these were delivered through Better Value Better Care and focused on improved quality, safety and efficiency.

Trends in Activity, Income and Expenditure
Charts 1 to 5 below show the trends in patient activity and income and expenditure over the five-year period from 2015/16 to 2019/20

Trends in Activity, Income and Expenditure (Five Years)



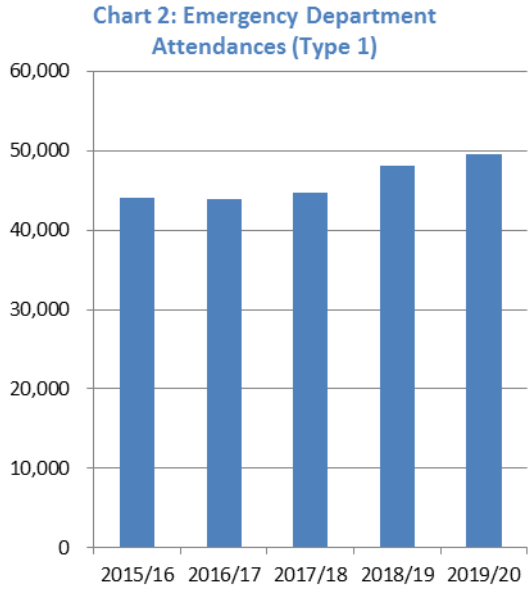


Chart 3: Outpatient Attendances

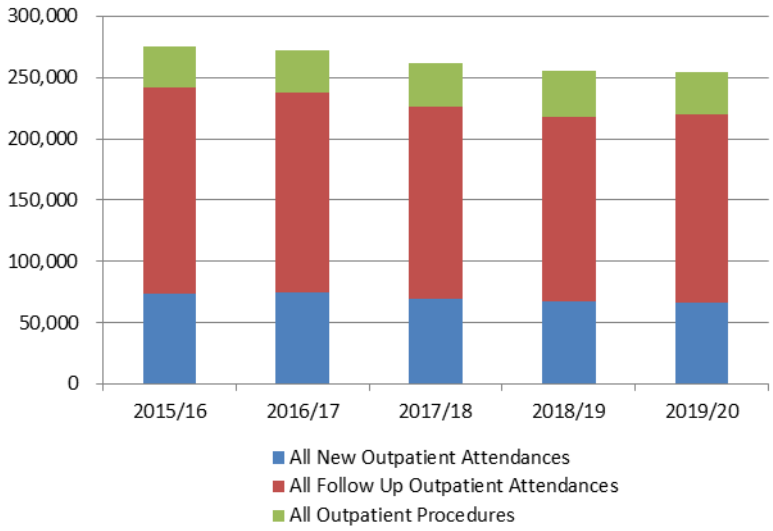


Chart 4: Income £000s

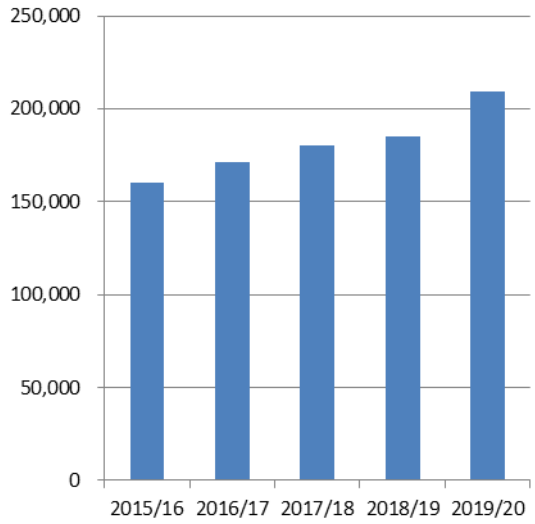
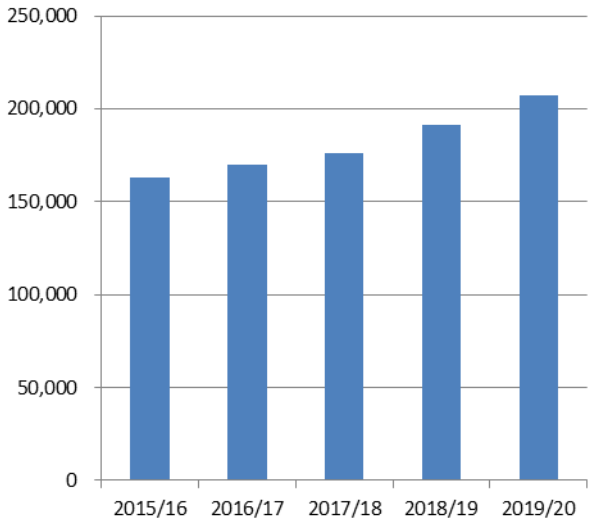


Chart 5: Expenditure £000s



Activity Trends

Charts 1 to 3 show the growth in inpatient and day case activity over the five-year period, measured as completed patient spells, up by 2%, and a reduction in outpatient attendances by 8%.

The majority of growth in inpatient and day case activity relates to an increase in elective admissions of 4%.

Emergency Department attendances are up 12% over the five-year period. This reflects the national challenges to NHS Emergency Departments across the country.

Total outpatient activity has reduced over the five-year period. The majority of this is due to a reduction in the numbers of follow up outpatient attendances.

Chart 4 shows the growth in income over the five-year period from April 2015 to March 2020. This growth in income is at an average rate of 7% a year over the five-year period. This is primarily the result of the Provider Sustainability Fund Income, transfer of services to the Trust and additional central funding to cover pay increases including changes to employers' social security and pension costs.

Chart 5 shows the growth in expenditure over the five-year period. Expenditure has grown significantly at an average rate of 6% a year. This is primarily the result of inflationary costs, including changes to employers' social security and pension costs, additional staff recruited to maintain safe staffing levels and the transfer of services to the Trust.

Cash Flow

The Trust ended the year with £7.3 million cash at bank. This was an increase of £3.8 million during the year. The increase in the cash was due an improvement in the working capital position, which was linked to payments and receipts with other NHS bodies.

Charitable Funding

The Trust is fortunate to be supported by Dorset County Hospital Charity and a number of other local charities. All Dorset County Hospital Charity funds benefit the Trust. In 2019/20, the Trust received charitable grants for capital projects from the Charity of £0.2 million.

Capital Expenditure

Capital expenditure during 2019/20 was focused on backlog maintenance, the provision of medical equipment and investment in IT projects. The Trust's capital plan is set through a risk based approach to ensure continuity of patient care. The Trust set its capital plan at £5.4 million and incurred expenditure of £7.2 million. The overspend was due to additional Public Dividend Capital of £1.7 million relating to project funding, the largest scheme being the creation of a Same Day Emergency Care (SDEC) unit of £1.0 million. The Trust's major replacement was a CT scanner at a cost of £1.5 million.

Environmental Performance

The Trust remains committed to acting sustainably and minimising our environmental impact. The Trust has a Sustainable Development Strategy and a management plan which is reviewed and monitored by the Trust's Sustainability Working Group. The Sustainability Report gives details of the key performance measures and our priorities and targets for the future.

Social Community and Human Rights Issues

The Trust takes its responsibilities towards the community it serves very seriously and recognises the responsibility it has to:

- meet the needs of the population it serves as safely, effectively and efficiently as possible
- ensure that services are designed and delivered taking into account the views and opinions of patients
- take into account the impact it has on the environment. As set out in the sustainability report, the Trust is committed to reducing its environmental impact
- take into account its status as a large employer and that decisions it makes may impact on the local economy and the health and wellbeing not only of staff but their families as well
- take into account its responsibility to respect human rights and to ensure that actions and decisions do not have an adverse impact on human rights
- ensure that staff feel motivated, empowered and are clear about the difference they are making to patient care and the achievement of the Trust's strategic objectives
- ensure that the Trust is a positive place to work

The Human Rights Act is integrated into the Trust's day to day operations and implemented through policies, procedures and strategy. It is essential that staff and service users are aware of the specific requirements of the Act and its application in a human rights based approach to healthcare. The principles of Human Rights are integrated within the Trust training programme and communicated to patients via the Patient Charter.

Counter Fraud and Anti-bribery activity

There was a programme of counter fraud and anti-bribery activity, supported by the Local Counter Fraud Specialist (LCFS) whose annual work plan of prevention, deterrence and detection was monitored by the Director of Finance and the Audit Committee.

The LCFS regularly attends Audit Committee meetings and ensures that the Trust is compliant with the national standards for countering NHS fraud, as issued by NHS Counter Fraud Authority. Counter Fraud material was disseminated to staff through the intranet.

To publicise both the existence of the counter fraud initiative and the understanding that everyone has a role to play in tackling fraud occurring within the Trust, the LCFS delivered Fraud and Bribery Act awareness training to a variety of staff both at induction and through staff presentations to Ward and Departments (including the Finance Department). The LCFS reviews policies; to ensure they are in line with current legislation and address fraud risks.

Events After the Reporting Period

On 11 March 2020 the World Health Organisation declared a global pandemic for COVID-19. All NHS Trusts and NHS Foundation Trusts are being moved to block contracts from 1st April 2020 as part of the NHS response to COVID-19, thereby adopting local variations to Payment By Results(PBR) contracts. Further top up payments will be made to cover reasonable costs of responding to the pandemic.

Overseas Operations

The Trust has no overseas operations.

Nick Johnson
Acting Chief Executive
15 June 2020

Sustainability Report

Social value and sustainability holds great importance to Dorset County Hospital. How can an acute hospital provide adequate care for patients whilst also being environmentally sustainable? This section will guide you through how the Trust is working hard to reduce its impact on the environment.

The Health Service is considering how the NHS might become zero carbon in the future. This needs to come with realistic expectations and acceptance of the financial costs involved and technological limitations that are imposed upon many Trusts due to the construction the existing built environment.

In 2019, the Trusts new Combined Heat and Power Unit (CHP) and new generation boilers allowed the Trust to make significant energy efficiency gains, while also replacing inefficient plant that was at the end of its life. The new plant has been operating from June 2019 and it has had a significant impact on the type of energy used by the Trust. The CHP utilises heat that would otherwise be wasted when generating power. It also generates electricity. The first year data from the CHP and new boilers is fragmented as there have been service interruptions due to commissioning and resolving wider defects, however the cost savings are apparent. The Trust will need a full calendar year of data to fully understand the impact the use of CHP has on the carbon footprint, but it has achieved a part year saving in the Trusts Carbon Footprint of approximately 15%.

The Trust has progressed some improvements to biodiversity throughout 2019 / 20 including:

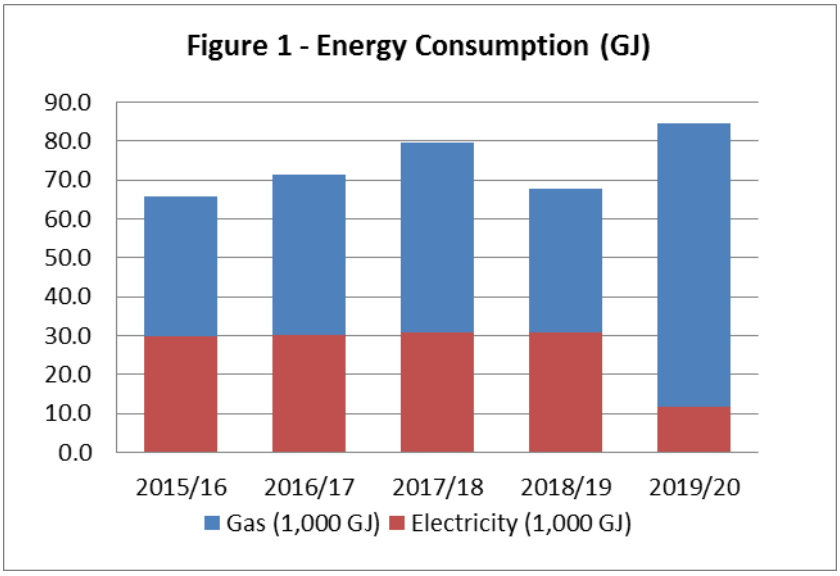
- Provision of hedgehog houses and modified fencing to allow hedgehogs a passage through the site in areas with little traffic.
- Formed a wildflower meadow behind the Robert White centre with the help of a local specialist and some volunteer gardeners. This helps encourage a more diverse range of species to the site and offers a pleasant environment for site visitors to observe.
- Arranged a local tree replanting programme to compensate for the loss of trees caused by the impending multi storey car park development.
- Incorporated a garden in to the design for the redesigned chemotherapy unit being funded by the current cancer charitable appeal.

The Trust continues to promote sustainability to staff and visitors in a number of ways including discussions with new starters at their inductions and holding a sustainability awareness day in the main restaurant.

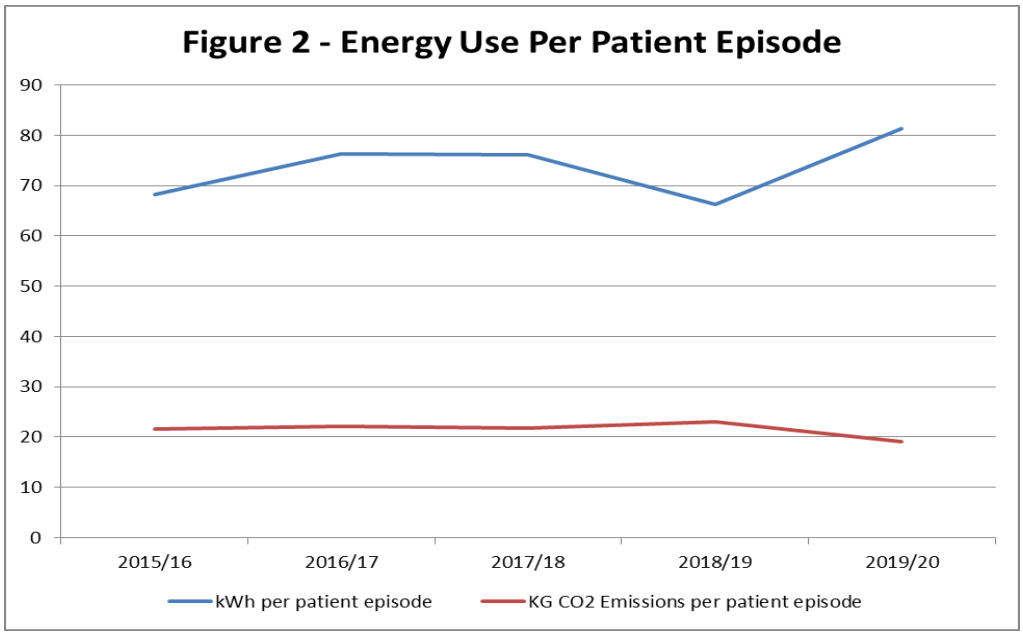
The Trust's work on sustainability was recognised by Public Health England who awarded the Trust with a certificate of excellence in sustainability reporting.

Energy

Figures 1 and 2 show a summary of energy consumption for the period 2015/16 to 2019/20. For the purposes of NHS and HM Treasury reporting, energy consumption is shown in gigajoules (GJ) and kilowatt-hours (kWh).



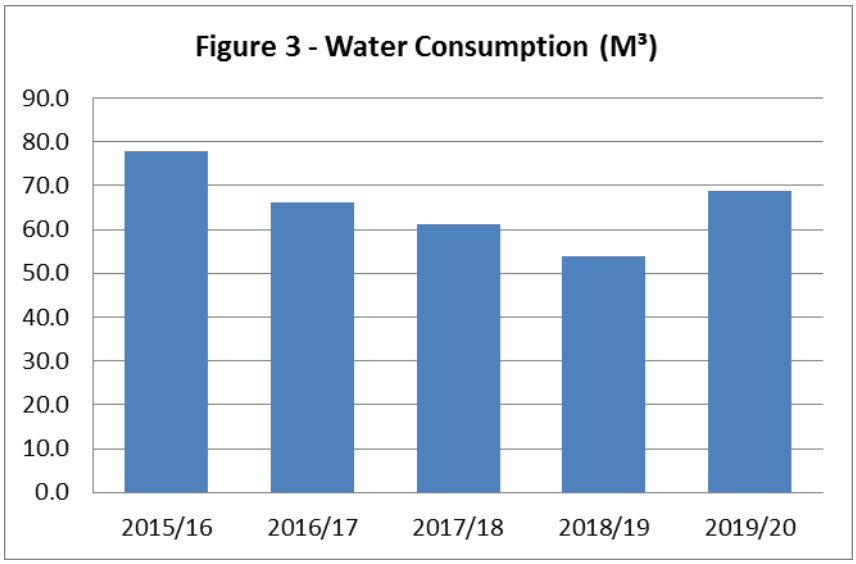
Gas use increased by 96.8% over previous year. Electricity use decreased by 61.7% over the previous year. This change can be attributed to the CHP configuration used by the Trust from June 2019. Overall energy use has increased, partially caused by the trust utilising an additional mobile theatre and a mobile MRI scanner and CT scanner for almost half of the year. Total combined costs have decreased by 22.3%.



Energy consumption per patient episode increased by 22.8% over the previous year. Conversely CO2 per patient episode fell by 17.3% due to the energy now used being from cleaner sources with a smaller carbon burden.

Water Use

Figures 3 shows water consumption during the accounting period. Consumption is shown in cubic metres (M^3).

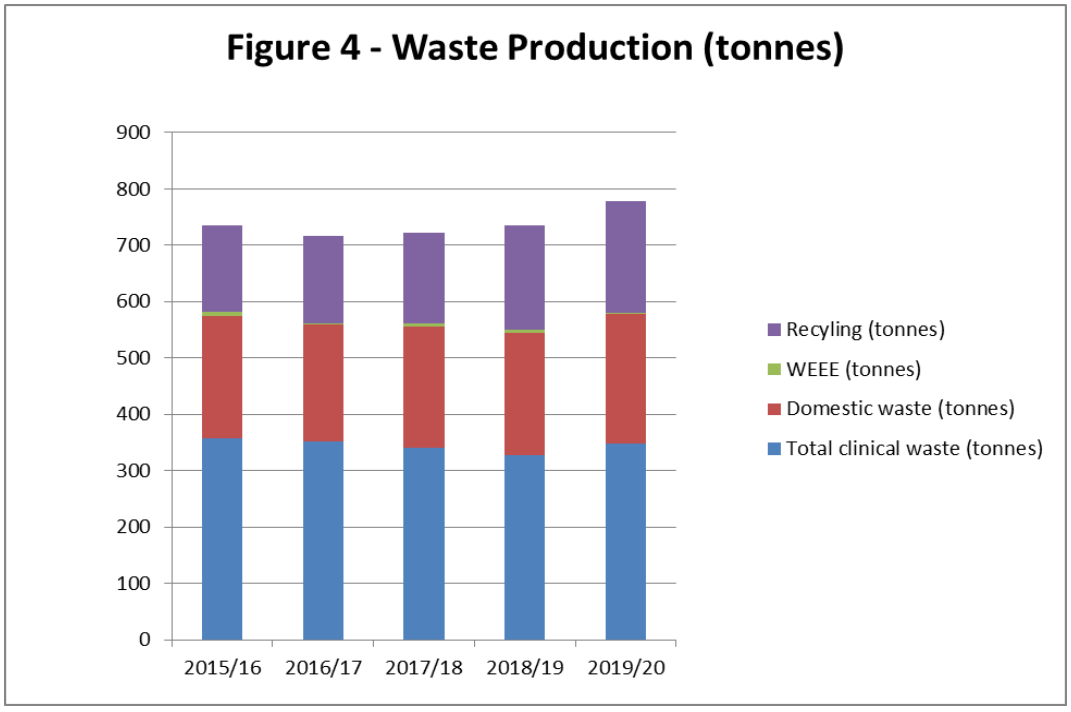


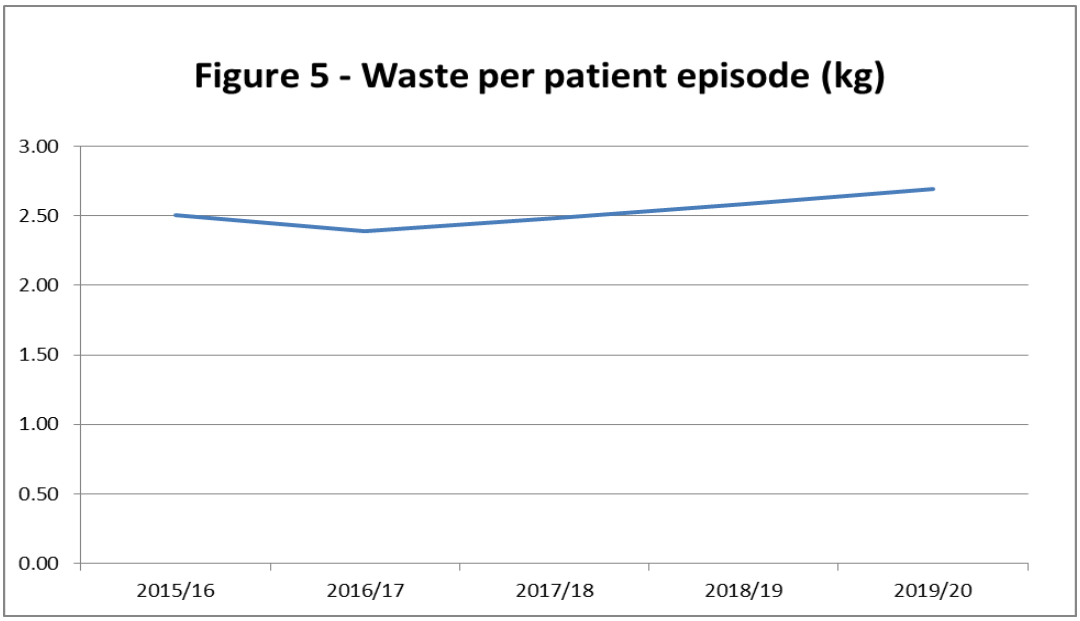
Water consumption increased by 27.6% from the previous year. The increase can be attributed to improved water safety measures, namely the increased flushing of outlets to inhibit legionella and pseudomonas. There have also been multiple instances of significant pipe leaks that have taken time to resolve due to site wide shutdowns of water supply needed to carry out the repairs.

Water consumption per patient increased by 25.6% from the previous year. This aligns with the overall consumption changes

Waste

Figures 4 and 5 show waste production in tonnes of the different waste types and the kilos of waste generated per patient.





Compared to the previous year, waste levels changed as follows:

- Total waste increased by 5.9%
- Clinical waste increased by 5.3%
- Recycling waste increased by 6.7%
- Domestic waste increased by 5.6%
- WEEE waste fell by 40%
- Waste per patient episode increased by 4.3%
- Total waste costs fell by 13.2%

While waste overall is up, the percentage increase in recycling is higher than other lines suggesting educating staff around waste is making an impact. Waste produced per patient episode did increase over the previous year and is a clear area where the Trust will focus on improvement.

Building and Refurbishment
Notable energy efficient schemes completed in 2019/2020.

- Carbon Energy Fund Works:
    - 3500 light fittings or approximately 60% of the lights across the Trust were replaced with energy efficient LED fittings. This not only saves on energy consumption but reduces the number of Estates attendances for bulb failures due to the more robust nature of LED fittings
    - Five large boilers aged 20-30 years were replaced with three energy efficient units that work in a synchronised manner to provide greater resilience.
    - A new combined heat and power (CHP) unit to re-use excess heat to power the boilers. This has a significant impact on energy usage
    - Three new high voltage electricity transformers replaced old equipment to run at greater efficiency
    - Replaced a number of belt driven fan motors on ventilation plant throughout the site with direct drive plug fans that operate at greater efficiency and reliability

- Projects of all sizes are adopting energy efficient LED lighting over existing older fittings.
- Installation of three electric vehicle charging points
- New CT scanner utilising more per efficient technologies

Fugitive Emissions
The Trust has a robust contracted maintenance regime in place to minimise Fluorinated Gas losses. Gas top ups are recorded to indicate where losses may have occurred. Gas losses in 2019/20 are attributable to natural seepage in line with equipment design.

Transport
Total business mileage during 2019/20 increased by 16.9% over the 2018/19 figure.

The Trust continues to work with local government and public transport services whilst continuing to encourage alternative transport to the Trust. This includes promoting more sustainable forms of transport via the Sustainability and Travel Working Group and attendance at new starter inductions to encourage staff at an early stage. The planning for a multi-storey car park has put more focus on green travel and this will continue to be a key area of focus for the Trust.

Procurement
This year Procurement have been working particularly well with teams across the Trust dealing with the NHS Plastics Campaign that the Trust has committed to and signed to reduce plastic waste by 2022. The Trust is predicting a 22% reduction in the production of plastic waste by the end of the next financial year.

Sustainable Development Management Plan (SDMP)
From 2020/21 the SDMP will be replaced by Green Plans as part of a new centralised NHS initiative and will include new targets and metrics to report against, which will need to be agreed by the Trust Board.

Data

The tables below show the data used in the formation of the sustainability section of the annual report.

Table 1					
Energy consumption	2015/16	2016/17	2017/18	2018/19	2019/20
Gas (1,000 GJ)	36.1	41.2	48.9	37.0	72.8
Electricity (1,000 GJ)	29.7	30.1	30.8	30.8	11.8
Total Energy (1,000 GJ)	**65.8**	**71.3**	**79.7**	**67.8**	**84.6**
Gas (1,000 kWh)	9,999.3	11,414.0	13,556.9	10,269.5	20,232.9
Electricity (1,000 kWh)	10,065.1	11,485.3	8,528.9	8,552.0	3,272.6
Total Energy (1,000 kWh)	**20,064.4**	**22,899.3**	**22,085.8**	**18,821.5**	**23,505.5**

Table 2					
Energy consumption and emissions per patient episode	2015/16	2016/17	2017/18	2018/19	2019/20
Total Energy (1,000 kWh)	2064.4	22899.3	22085.8	18821.5	23,505.50
CO2 Emissions (100 tonnes)	63.4	66.7	71.6	65.64	55.32
Patient episodes (1,000's)	293.6	300.0	290.0	284.4	289.0
kWh per patient episode	68.3	76.3	76.2	66.2	81.3
CO2 Emissions per patient episode (kg)	21.6	22.2	21.8	23.1	19.1

Table 3					
Energy financial indicators	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Energy expenditure (£000s)	1,280.5	1,278.3	1,289.1	1,435.8	1,116.1
Carbon reduction commitment expenditure	96.5	95.7	110.2	80.9	N/A*

*Cancelled by the government in 2019

Table 4					
Water use & costs	2015/16	2016/17	2017/18	2018/19	2019/20
Water use (1,000m³)	77.8	66.2	61.2	53.9	68.8
Patient episodes (1,000's)	293.6	300.0	290.0	284.4	289.0
Water use per patient episode (litres)	265.0	220.7	210.9	189.5	238.0
Water and sewerage expenditure (1,000's)	215.2	176.1	190.3	186.6	247.6

Table 5					
Waste production	2015/16	2016/17	2017/18	2018/19	2019/20
High temp clinical waste (tonnes)	42.8	41	37.5	41.1	50.1
Alternative treatment clinical waste (tonnes)	314.9	310.2	302.6	286.5	298.1
Total clinical waste (tonnes)	357.7	351.2	340.1	327.6	348.2
Domestic waste (tonnes)	216	208.2	215.6	217	229.1
WEEE (tonnes)	7.9	1.2	6.3	5	3
Recyling (tonnes)	153	156.5	159.2	185.4	197.8
Total waste (tonnes)	**734.6**	**717.1**	**721.2**	**735**	**778.1**
% of waste recycled	20.8	21.8	22.1	25.2	25.4
Patient episodes (1,000's)	293.6	300	290	284.4	289

Table 6					
Waste costs	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £
High temp clinical waste (£000s)	27.51	13.56	20.77	22.88	29.63
Alternative treatment clinical waste (£000s)	113.57	133.61	132.91	69.53	67.63
Total clinical waste (£000s)	141.08	147.17	153.68	92.41	97.26
Domestic waste and recycling (£000s)	39.78	33.43	8.5*	54.77	27.32
WEEE (£000s)	13.40	3.10	4.00	3.17	6.00
Total waste costs (£000s)	**194.26**	**183.70**	**157.68**	**150.35**	**130.58**

*Black bag waste costs unavailable

Table 7

Business travel	2015/16	2016/17	2017/18	2018/19	2019/20
Business mileage (miles)	970,440	1,210,274	967,308	1,125,135	1,314,816
Total expenditure on business travel (£)	462,199	414,108	364,160	354,374	519,634

Accountability Report

Directors' Report

The Board of Directors comprises of the Chair, six Non-Executive Directors, six Executive Directors and two non-voting Executive Director. Full details of the Board can be found in the NHS Foundation Trust Code of Governance Disclosures section of the report.

The Trust maintains Registers of Interest for Directors and Governors which are available on application to the Trust Secretary. The Trust can confirm that no Directors or Governors have any interests which conflict with their responsibilities.

The Directors can confirm that the Trust has complied with the cost allocation and charging guidance issues by HM Treasury.

The Directors can confirm that the Trust has not made any political and charitable donations.

The Trust has adopted the Better Payment Practice Code, which requires it to aim to pay all undisputed invoices by their due date, or within 30 days of receipt of goods or a valid invoice. The application of this policy resulted in a supplier payment period of 57 days for the Trust's trade payables as at 31 March 2020 (2019: 42 days). The Trust incurred interest and compensations charges of £378 during 2019/20 (2018/19 £692) under the Late Payment of Commercial Debt (Interest) Act 1998. The performance of the Trust in complying with the Code were as follows:

	2019/20		2018/19	
	Number	Value £000	Number	Value £000
Trade payables				
Total bills paid in year	**56,953**	**67,648**	54,163	61,710
Total bills paid within target	**52,101**	**59,211**	49,412	53,844
Percentage of bills paid within target	**92%**	**88%**	91%	87%
NHS payables				
Total bills paid in year	**1,492**	**1,590**	1,507	2,821
Total bills paid within target	**1,306**	**1,308**	1,242	2,137
Percentage of bills paid within target	**88%**	**82%**	82%	76%

The Trust has met the requirement of Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012), by ensuring the income from the provision of goods and services for the purposes of the health service in England are greater than income from the provision of goods and services for any other purposes. The income from provision of goods and services for any other purpose was £819k which represents 0.39% of total Trust income. The Trust's financial planning ensures the requirement is maintained in the future and that any income for other purposes is contributing a profit for reinvestment into health services in England.

Delivery of the Trust's quality priorities are based on the principles of strategy, capability and culture, structures and measurement as described in the Well Led Framework. Oversight of the Trust's service quality is undertaken by the Quality Committee which meets on a monthly basis. The Quality Committee is chaired by a Non-Executive Director. Both the minutes and a verbal update by the Chair of the Committee are received by the Trust Board. Further detail on the quality and quality governance are provided within the Performance Report and Annual Governance Statement.

So far as the Directors are aware, there is no relevant audit information of which the Trust's Auditor is unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Trust's Auditor is aware of that information.

The Directors are required to, and accept responsibility for, preparing the annual report and accounts for each financial year. The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS Foundation Trust performance, business model and strategy.

Preparing for Major Incidents

The Trust needs to be able to plan for, and respond to, a wide range of incidents and emergencies that could affect health or patient care. These could be anything from extreme weather conditions to an infectious disease outbreak, a major transport accident or a terrorist act.

The Civil Contingencies Act (2004) requires NHS organisations and providers of NHS funded care, to plan and prepare for such incidents, whilst maintaining safe services to patients. This work is referred to in the health service as 'emergency preparedness, resilience and response' (EPRR). There are a set of NHS EPRR Core Standards, issued by NHS England & NHS Improvement, against which the Trust declared fully compliant with 59 of the standards and partially compliant with 5 of the standards. An action plan was delivered to ensure that the Trust became fully compliant with all standards by March 2020. The overall rating of compliance and preparedness was 'Substantial Compliance'.

EU Exit

The Trust lead for EU Exit preparations is the Chief Operating Officer. The Trust is compliant with all central guidance in respect of EU Exit and participates in local contingency planning in this regard. In line with national NHS guidance the Trust stood-down all preparations for a no-deal EU Exit in January 2020.

Well-led

An external review of the how the Trust is led was undertaken by management consultants Price Waterhouse Cooper in October 2017. Since then, the Trust has been working to progress the recommendations included in the report and the Trust Board receives regular updates on all the actions. In line with good practice the Trust will be reviewing annually how the Trust is led against the Well-led domains that are stipulated as part of the CQCs review methodology. The Trust received a rating of "Good" by the CQC at the Well-led inspection in 2018. The Trust has a comprehensive action plan in place following the inspection that is monitored by the Quality Committee and Trust Board.

Remuneration Report

Annual Statement on Remuneration

As Chairman of the Remuneration and Terms of Service Committee, I am pleased to present the Remuneration Report for 2019/20.

The NHS Foundation Trust Code of Governance and NHS policy required that remuneration committees ensure levels of remuneration are sufficient to attract, retain and motivate directors of the quality needed to run the organisation successfully but to avoid paying more than is necessary for this purpose. In order to fulfil these requirements, Executive Director salaries are nationally benchmarked against similar trusts and this benchmarking information is used to inform the deliberations and decisions of the Remuneration and Terms of Service Committee.

For 2019/20 the Committee approved the recommendation to apply a 2% salary increase for all Executive Directors. The payments will be backdated to 1st April 2019. The committee subsequently agreed to a request from the Chief Executive to apply this increase in the form of additional annual leave rather than a salary increase on an individual basis.

The Committee also reviewed the Trust's succession plans for senior positions as part of the Trust's talent management cycle.

Mark Addison
Remuneration and Terms of Service Committee Chair

Senior Managers Remuneration Policy

Policy on Remunerations of Senior Managers

The Trust's senior management remuneration policy requires the use of benchmark information and the Trust makes reference to the Foundation Trust Network Annual Salary Comparison Report.

With the exception of Executive Directors, the remuneration of all staff is set nationally in accordance with the NHS Agenda for Change (for non-medical staff) or Pay and Conditions of Service for Doctors and Dentists. Performance Related Pay is not applicable for any Trust staff, including Executive Directors. Future policy on senior manager remuneration will remain in line with national terms and conditions.

Senior managers are employed on contracts of service and are substantive employees of the Trust. Their contracts are open ended employment contracts which can be terminated by either party with three months' notice, or six months' notice in the case of the Chief Executive. The Trust's normal disciplinary policies apply to senior managers, including the sanction of instant dismissal for gross misconduct. The Trust's redundancy policy is consistent with NSH redundancy terms for all staff.

The total remuneration for each of the Trust's Executive Directors comprises the following elements:

Salary + Pension and Benefits = Total remuneration

Future Policy Table
The Trust's remuneration policy in respect of each of the above is outlined in the tables on the next page.

Salary – (Fees and Salary)

Purpose and Link to Strategy
- Helps to recruit, reward and retain
- Reflects competitive market level, role, skills, experience and individual contribution

Operation
Base salaries are set to provide the appropriate rate of remuneration for the job, taking into account relevant recruitment markets, business sectors and geographical regions.
The Remuneration Committee considers the following parameters when reviewing base salary levels:
- Pay increases for other employees across the Trust
- Economic conditions and governance trends
- The individual's performance, skill and responsibilities through appraisals
- Base Salaries at NHS organisations of similar size are benchmarked against Dorset County Hospital NHS Foundation Trust
- Base Salaries are paid in 12 equal monthly instalments via the regular monthly employee payroll
- The Executive Directors do not receive performance related pay.

Opportunity
The Remuneration Committee ensures levels of remuneration are sufficient to attract, retain and motivate directors of the quality needed to run the organisation successfully but avoid paying more than is necessary though using benchmarking.

National and Local benchmarking data was reviewed by the Remuneration Committee who reviewed the relative position of each Executive.

Performance Conditions
None, although performance of both the Trust and the individual are taken into account when determining whether there is a base salary increase each year. The individual receives an annual appraisal to review performance and set objectives.

Performance Period
Annual Appraisal covers a 12 month period

Pension and Benefits

Purpose and Link to Strategy
- Help to recruit and retain
- NHS Pension scheme arrangements provide a competitive level of retirement income

Operation
Executive Directors are eligible to receive pension and benefits in line with the policy for other employees.

Executive Directors are entitled to join the NHS Pension Scheme, which from April 2015 is a Career Average Revalued Earnings scheme.

Where an individual is a member of a legacy NHS defined benefit pension scheme section (1995 or 2008) and is subsequently appointed to the Board, he or she retain the benefits accrued from these schemes.

The principal features and benefits of the NHS Pension Scheme are set out in a table in the Remuneration Report.

Pension related benefit is the annual increase in pension entitlement accrued during the current financial year from total NHS career service.

Opportunity
The maximum Employers' contribution to NHS Pension Scheme is 20.68% (14.38% paid by the Trust and 6.3% is paid by NHS England) of base salary for all employees including Executive.

Performance Conditions
None

Performance Period
None

Differences in Remuneration for Other Employees

The remuneration approach for Executive Directors is consistent with The UK Corporate Governance Code, NHS Foundation Trust Code of Governance and NHS Policy. This guidance requires that remuneration committees ensure levels of remuneration are sufficient to attract, retain and motivate directors of the quality needed to run the organisation successfully.

The Structure of the reward package for wider employee population based on the national NHS remuneration frameworks for Medical, Dental and Non-Medical Staff. Non-Medical Staff remuneration is in line with the Agenda for Change Framework, which assesses remuneration is in line with the framework for Medical and Dental Staff remuneration. All staff are eligible to join and participate in the NHS Pension Scheme.

Where one or more senior managers are paid more than £150,000, the committee is required to ensure this remuneration is reasonable. The Trust has two senior managers paid more than £150,000. The committee is satisfied the salary of this individual is reasonable when compared to the benchmarking provided in setting the senior managers' salaries.

The Trust's policy for Equality, Diversity Inclusion has the aim to define the approach that will be taken to promoting and championing a culture of diversity and equality of opportunity, access, dignity, respect and fairness in the services the Trust provides and in employment practices. The activities and decisions of the Remuneration and Terms of Service Committee are in accordance with the Trusts Equality, Diversity and Inclusion policy and issues such as review of the Gender Pay Gap will be reviewed directly by the Trust Board. The review of discretionary schemes such as the consultant's Clinical Excellence Awards are subject to equality reviews as part of the oversight. Review of progress against the Trusts Equality, Diversity and Inclusion objectives is overseen by the Board's Workforce sub-committee.

Policy on Remuneration of Non-Executive Directors

Element	Purpose and link to strategy	Overview
Fees	To provide an inclusive flat rate fee that is competitive with those paid by other NHS organisations of equivalent size and complexity	The remuneration and expenses for the Trust Chairman and Non-Executives are determined by the Council of Governors.
Appointment		The Council of Governors appoint the Non-Executive Directors in accordance with the Trust's constitution which allows them to serve two three year terms. Any term beyond six years is subject to rigorous review, and takes into account the need for progressive refreshing of the board and their independence. This is subject to annual re-appointment approved by the Council of Governors.

Annual Report on Remuneration

The following sections of the Remuneration Report are not subject to audit

Remuneration and Terms of Service Committee
Remuneration and Terms of Service for the Chief Executive and Executive Directors is considered by a Remuneration and Terms of Service Committee consisting of the Chair and Non-Executive Directors. During 2019/20 the Committee met to review Executive Directors' Remuneration and Clinical Excellence Awards.

The Committee's attendance record is set out in the table below:

Name	Attendance/Meetings eligible to attend
Mr M Addison (Trust Chair) (Chair)	5/5
Prof S Atkinson	4/5
Mr P Greensmith (to 31/05/19)	0/0
Ms J Gillow	3/5
Ms V Hodges	5/5
Mr I Metcalfe	5/5
Mr M Rose	5/5
Mr D Underwood (from 01/03/20)	0/0

Senior Managers Service Contracts

The table below contains contract information on the Trust's Senior Managers for the financial year 2019/20.

Name	Title	Current Tenure	Notice Period
Non- Executive Directors			
Mr Mark Addison	Chair	First term: 24/03/16 – 23/03/19. Second term: 24/03/2019-23/03/22	3 months
Mr Peter Greensmith	NED, Vice Chair (to 31/05/2019)	01/06/17 – 31/05/19	N/A
Mr Matthew Rose	NED	17/06/17 – 16/06/20 (second term)	3 months
Ms Victoria Hodges	NED	01/09/19 – 31/08/22 (second term)	3 months
Ms Judy Gillow	NED, Vice Chair	01/09/19 – 31/08/22 (second term)	3 months
Prof Sue Atkinson	NED	01/09/19 – 31/08/22 (second term)	3 months
Mr Ian Metcalfe	NED	01/11/17 – 31/10/20	3 months
Mr D Underwood	NED	01/03/20 – 28/02/23	3 months
Executive Directors			
Ms Patricia Miller	Chief Executive	Commenced 15/09/14	6 months
Mr Paul Goddard	Director of Finance and Resources	Commenced 18/06/18	6 months
Mr Alastair Hutchison	Medical Director	Commenced 02/07/18	6 months
Ms Inese Robotham	Chief Operating Officer	Commenced 19/11/18	6 months
Mr Mark Warner	Director of Organisational Development and Workforce	Commenced 02/03/15	6 months
Ms Nicky Lucey	Director of Nursing and Quality	Commenced 01/09/16	6 months
Mr Nick Johnson	Director of Strategy, Transformation and Partnerships	Commenced 01/02/16	6 months
Mr Stephen Slough	Chief Information Officer	Commenced 01/06/19	6 months

Expenses of Governors and Directors

The expenses incurred or reimbursed by the Trust relating to Governors and Directors were:

	2019/20 Number receiving expenses / total	£	2018/19 Number Receiving Expenses / total	£
Governors	**4 / 23**	**868**	**9 / 23**	**1,511**
Chairman and non-executive directors	**2 / 8**	**3,931**	**2 / 7**	**2,117**
Executive directors	**7 / 7**	**8,745**	**10 / 12**	**7,007**
Total expenses		**13,544**		**10,635**

The following sections of the Remuneration Report are subject to audit

The total remuneration of directors and senior managers for 2019/20 was £978,100 (2018/19: £935,600).

Remuneration of Directors - 2019/20	Fees and salary (Bands of £5,000) £ 000s	Taxable benefits (nearest £100)	Pension related benefits (Bands of £2,500) £ 000s	**2019/20 Total (Bands of £5,000) £ 000s**
Chairman				
Mr M Addison	40 – 45	-	-	**40 – 45**
Non-executive Directors				
Mr P Greensmith[1]	0 – 5	-	-	**0 – 5**
Mr D Underwood[2]	0 – 5	-	-	**0 – 5**
Ms J Gillow	10 – 15	-	-	**10 – 15**
Prof S Atkinson	10 – 15	-	-	**10 – 15**
Ms V Hodges	10 – 15	-	-	**10 – 15**
Mr M Rose	10 – 15	-	-	**10 – 15**
Mr I Metcalfe	10 – 15	-	-	**10 – 15**
Executive Directors				
Ms P Miller, Chief Executive[3]	165 –170	-	40 – 42.5	**205 –210**
Prof. A Hutchison, Medical Director	200 –205	-	542.5 – 545	**745 –750**
Ms N Lucey, Director of Nursing & Quality	125 –130	-	37.5 – 40	**165 –170**
Mr P Goddard, Director of Finance and Resources	125 –130	-	40 – 42.5	**165 –170**
Ms I Robotham, Chief Operating Officer	120 –125	-	15.0 – 17.5	**135 –140**
Mr M Warner, Director of Organisational Development and Workforce	120 –125	-	32.5 – 35	**150 –155**
Mr Nick Johnson, Director of Strategy, Transformation and Partnerships and Acting Chief Executive[4]	110 –115	-	25 – 27.5	**140 –145**

Stephen Slough, Chief Information Officer was appointed on 01/06/2019 and is paid by NHS Dorset CCG and details of remuneration and expenses are included within their Annual Report.

Professor A Hutchison remuneration includes payment of clinical sessions.

Remuneration of Directors - 2018/19	Fees and salary (Bands of £5,000) £ 000s	Taxable benefits (neares t £100)	Pension related benefits (Bands of £2,500) £ 000s	**2018/19 Total (Bands of £5,000) £ 000s**
Chairman				
Mr M Addison	40 – 45	-	-	**40 – 45**
Non-executive Directors				
Mr P Greensmith	10 – 15	-	-	**10 – 15**
Ms J Gillow	10 – 15	-	-	**10 – 15**
Prof S Atkinson	10 – 15	-	-	**10 – 15**
Ms V Hodges	10 – 15	-	-	**10 – 15**
Mr M Rose	10 – 15	-	-	**10 – 15**
Mr I Metcalfe	10 – 15	-	-	**10 – 15**
Executive Directors				
Ms P Miller, Chief Executive	165 –170	-	32.5 – 35	**200 –205**
Prof. A Hutchison, Medical Director[5]	145 –150	-	17.5 – 20	**165 –170**
Ms L Walters, Director of Finance & Resources[6]	15 –20	-	90 – 92.5	**110 –115**
Ms N Lucey, Director of Nursing & Quality	120 –125	-	-	**120 –125**
Ms J Pearce, Chief Operating Officer[7]	60 –65	-	-	**60 –65**
Mr P Goddard, Director of Finance and Resources[8]	95 –100	-	105 – 107.5	**200 –205**
Ms L Power, Acting Chief Operating Officer[9]	25 –30	-	10 – 12.5	**35 –40**
Ms I Robotham, Chief Operating Officer[10]	40 –45	-	67.5 – 70	**110 –115**
Mr M Warner, Director of Organisational Development and Workforce	115 –120	-	20 – 22.5	**135 –140**
Ms R King, Acting Director of Finance[11]	15 –20	-	17.5 – 20	**35 –40**
Mr Nick Johnson, Director of Strategy, Transformation and Partnerships and Acting Chief Executive	105 –110	-	0 – 2.5	**110 –115**
Mr P Lear, Medical Director[12]	0 –5	-	-	**0 –5**

1 – Resigned on 31 May 2019
2 – Appointed on 01 March 2020
3 – Not available from 28 February 2020
4 – Acting from 01 March 2020
5 –Appointed on 2 July 2018
6 – Resigned on 4 June 2018
7 – Resigned on 30 September 2018
8 – Appointed on 18 June 2018
9 – In post between 5 September 2018 to 4 December 2018
10 – Appointed on 19 November 2018
11 – Acting between 31 July 2019 to 30 September 2019
12-Resigned on 31 March 2018 includes outstanding annual leave payment

There were no annual performance related or long term performance related bonuses paid during the year 2019/20 or 2018/19.

There have been no payments during 2019/20 to individuals who were senior managers in the current or in a previous financial year for loss of office.

There have been no payments to past senior managers during 2019/20. In the previous financial year(18/19) one payment to past senior managers was made to Mr P Lear that is included in the table above.

Fair Pay Multiple Statement
Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director of the Trust and the median remuneration of the Trust's workforce.

The banded remuneration of the highest-paid director in the Trust in financial year 2019/20 was £200,001 to £205,000 (2018/19: £165,001 to £170,000). This was 7.43 times (2018/19: 6.17 times) the median remuneration of the workforce, which was £27,260 (2018/19: £27,146).

In 2019/20, no (2018/19: 7) employees received remuneration in excess of the highest paid director. Remuneration ranged (2018/19: £172,700 to £192,200).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions or the cash equivalent transfer value of pensions. The median remuneration of the workforce is the total remuneration of the staff member lying in the middle of the linear distribution of the total staff in the Trust, excluding the highest paid director. This is based on an annualised full time equivalent remuneration as at the reporting period date.

The multiple for 2019/20 has increased due to the change in the median remuneration and the salary of the highest-paid director changing to the Medical Director which includes clinical sessions.

The median remuneration of the workforce in 2019/20 falls within the salary range of a Band 5 position under Agenda for Change terms and conditions that apply to all non-medical staff (2018/19 falls within the salary range of a Foundation Doctor year 1). The actual salary of staff within each band is dependent on a number of factors, the most significant being the number of years they have served in that position.

Pension Arrangements
All executive directors of the Trust are eligible to join the NHS Pension Scheme. The Chairman and non-executive directors are not eligible to join the scheme and are not accruing any retirement benefits in respect of their services to the Trust. The Trust did not make any contributions to any other pension arrangements for directors and senior managers during the year.

The principle features and benefits of the NHS Pension Scheme are set out in the table below.

	1995 section	2008 section	2015 section
Member contributions	5% - 13.3% depending on rate of pensionable pay		
Pension	A pension worth 1/80th of final year's pensionable pay per year of membership	A pension worth 1/60th of reckonable pay per year of membership	A pension worth 1/54th of Career Average Re-valued Earnings of pensionable pay per year of membership
Retirement lump sum	3 x pension. Option to exchange part of pension for more cash up to 25% of capital value	Option to exchange part of pension for cash at retirement, up to 25% of capital value. Some members may have a compulsory amount of lump sum	Option to exchange part of pension for a lump sum up to 25% of capital value
Normal retirement age	60	65	Equal to an individuals' State Pension Age or age 65 if that is later
Death in membership lump sum	2 x final years' pensionable pay (actual pensionable pay for part-time workers)	2 x reckonable pay (actual reckonable pay for part-time workers)	The higher of (2 x the relevant earnings in the last 12 months of pensionable service) or (2 x the revalued pensionable earnings for the Scheme year up to 10 years earlier with the highest revalued pensionable earnings
Pensionable pay	Normal pay and certain regular allowances		

The tables on the next page set out details of the retirement benefits that executive directors have accrued as members of the NHS Pension Scheme. All of the executive directors that are accruing benefits under these Schemes with their normal retirement age in line with the table above.

	Real Increase in pension at retirement (bands of £2,500) £000	Real Increase in lump sum at retirement (bands of £2,500) £000	Total accrued pension at retirement at 31/03/2020 (bands of £5,000) £000	Related lump sum at retirement at 31/03/2020 (bands of £5,000) £000
Ms P Miller, Chief Executive	2.5 - 5.0	0 - 2.5	45 – 50	85 – 90
Mr M Warner Director of Organisational Development and Workforce	2.5 – 5.0	0 - 2.5	25 – 30	0 – 5
Ms Inese Robotham Chief Operating Officer	0 - 2.5	0 - 2.5	30 – 35	60 – 65
Mr P Goddard Director of Finance & Resources	2.5 - 5.0	0 – 2.5	50 – 55	125 – 130
Ms N Lucey, Director of Nursing & Quality	2.5 – 5.0	2.5 – 5.0	50 – 55	150 – 155
Prof. Alastair Hutchison Medical Director	22.5 – 25.0	72.5 – 75.0	90 – 95	270 – 275
Mr Nick Johnson Director of Strategy, Transformation and Partnerships and Acting Chief Executive	0 - 2.5	0 - 2.5	0 – 5	-

	Cash Equivalent Transfer Value at 01/04/2019 £000	Cash Equivalent Transfer Value at 31/03/2020 £000	Real increase in Cash Equivalent Transfer Value £000	Employer's contribution to stakeholder pension £000s
Ms P Miller, Chief Executive	741	818	59	-
Mr M Warner Director of Organisational Development and Workforce	304	352	41	-
Ms Inese Robotham Chief Operating Officer	509	550	29	-
Mr P Goddard Director of Finance and Resources	964	1053	66	-
Ms N Lucey, Director of Nursing & Quality	954	1056	69	-
Prof. Alastair Hutchison Medical Director	1598	n/a	n/a	-
Mr Nick Johnson Director of Strategy, Transformation and Partnerships and Acting Chief Executive	2	21	19	16

A cash equivalent transfer value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries. CETVs are not disclosed for scheme members who have reached their normal retirement date.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and the other pension details, include the value of any pension benefits in another scheme or arrangement that the individual has transferred to the NHS Pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

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

Nick Johnson
Acting Chief Executive
15 June 2020

Staff Report

People Strategy

Valuing Our Staff
As a major local employer of 2,000 staff, who fulfil a wide range of professional and multidisciplinary roles, we recognise that our workforce defines who we are and how we are viewed by the patients and carers we serve. We strive to ensure our staff are highly skilled and well supported in their working environment, in order that they are able to deliver the highest standards of compassionate and safe care. Investment in the recruitment, education, training, support and well-being of our staff is an important consideration for us.

Recruitment
The national shortage of nursing and medical staff has meant that recruitment in to these posts has continued to remain challenging. The Trust employed a number of measures to increase recruitment activity including attending recruitment events across the county as well as hosting a recruitment event in the Trust which was advertised through radio and social media. The Trust continue to be committed to recruiting overseas nurses through Yeovil District Hospital (9 nurses) and a new provider Medacs (45 nurses) and 54 nurses in total joined the Trust in 2019/20. The Trust Preceptorship programme has continued to prove popular with 35 newly qualified nurses and 7 midwives joining the Trust. It is anticipated that overseas in conjunction with domestic recruitment will fill our nursing vacancies in 2020/21. We have had success with monthly recruitment campaigns for Health Care Support Workers and reduced significantly the number of vacancies. We also recruited our first 10 Registered Nurse Degree Apprentices through a campaign across Dorset with other Trusts. We have employed a range of Allied Healthcare Professionals (36 posts) and Healthcare Scientists (57) during the year which has been challenging due to a national shortage of qualified staff in some of these areas.

We have recruited throughout the year to a wide variety of non-clinical roles including Non-Executive Directors, Head of Corporate Governance, Estates and Facilities, Finance, IT, Human Resources and Administrative and Clerical roles.

In relation to medical recruitment the Trust has progressed with recruiting temporary overseas staff on placement through the Medical Training Initiative (MTI) and the Widening Access to Specialist Training (WAST) scheme to supplement our domestic recruitment, as well as offering a variety of flexible options to fill posts. We have been successful in recruiting a number of Consultants across a range of specialties including harder to fill roles such as Dermatology, Histopathology and Respiratory.

Employment Policies
The Trust has in excess of 60 employment policies in place which have been designed to provide guidance to our staff and to ensure we meet our legal obligations to them. The effectiveness of each policy is reviewed in conjunction with staff representatives every three years as a minimum, but most are reviewed more frequently due to changes to employment law or best practice or in response to feedback from staff. During 2019/20, 15 of our employment policies were reviewed to ensure effectiveness and adherence to legal requirements.

Appraisal Process
Our values based appraisal process continues to support the Trust values being embedded into the training, development and support for non-medical staff; the appraisal process continues to include the collation of feedback in relation to the demonstration of the Trust values within the workplace. Through the staff opinion survey, 85% of staff confirmed they had clear objectives set for their work

and 85% (+5% compared to the previous year) of staff confirmed their recent appraisal left them feeling valued by the organisation.

Staff Gender Analysis (as at 31 March 2020)

	At 31 March 2020
Board directors by gender;	
Male	5
Female	6
Employee headcount by gender	
Male	654
Female	2,352
Total	3,017

Information regarding the Trusts gender pay gap statistics can be found by accessing the cabinet office website using the following link:
https://gender-pay-gap.service.gov.uk/employer/DQEcAlqU

The full report is published on the Trust website which can be accessed using the following link:
https://www.dchft.nhs.uk/about/equality-diversity/Documents/2019%20Gender%20Pay%20Gap%20Report%20for%20Trust%20Board%20July%202019.pdf

Staff Sickness

The Staff sickness information for the Trust can be found at the following website: -
https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

Equality and Diversity
The Trust appointed an Inclusion and Wellbeing (I&W) lead in October 2019 which has increased capacity to work on diversity and inclusion issues. The post-holder has made strong links with colleagues across the Dorset, the South West and nationally to share good practice, and we welcomed the CEO and Inclusion lead from Calderdale & Huddersfield Trust who visited to share their learning of engaging their diverse staff communities.

The I&W lead has also worked with the practice education team to welcome our recent cohort of Overseas Nurses, and ask their input on how to improve our corporate induction process.

The BAME staff network, chaired and championed by our CEO has continued to strengthen, and its feedback will form the basis of our future Equality and Inclusion Strategy.

The I&W lead supported the Board with their Diversity and Inclusion development programme which included meeting with and listening to members of DCH staff from diverse BAME communities to listen to their experiences of working for the Trust. This has laid strong foundations for our planned work on Organisational Culture

Membership of the Equality, Diversity and Inclusion steering group has been refreshed to better involve and listen to our staff community, and our Mental Health First Aid programme has continued, increasing the awareness and reducing stigma for both staff and patients experiencing mental health issues. The Trust continues to strive to be a place where all staff feel they belong and can bring their ‘whole selves’ to work.

Consultation, Partnership Working and Staff Engagement
We have a number of established mechanisms of communicating information across the Trust, including a weekly email bulletin, a weekly email briefing from the Chief Executive, monthly team briefing sessions and a quarterly staff magazine. The Trust also communicates stories of interest via social and local media. Our established consulting and negotiating bodies, the Partnership Forum (for non-medical staff) and Local Negotiating Committee (for medical staff), continue to make an important contribution to promoting effective staff engagement and partnership working and in ensuring these are underpinned by a commitment to: promoting the success of the organisation; recognising the respective parties' legitimate interests; operating in an honest and transparent manner; focusing on the quality of working life and its benefit to the quality of patient care; maintaining, as far as possible, employment security.

The One Dorset Workforce Delivery Team was the first system in the country to be a system placement host for the NHS Graduate Management Training Scheme. The Workforce trainee commenced the first part of their system placement with the Trust. The Trust continues to host a second year informatics trainee.

People Strategy
Our current People Strategy takes us to 2021 and encompassed three strategic priorities; workforce deployment, workforce development and health and well-being; and is underpinned with one phrase: "Cared About / Caring For".

The Interim NHS People Plan 2019, developed collaboratively with national leaders and partners, sets a vision for how people working in the NHS will be supported to deliver care and identifies the actions needed to help them, some of which will lay the groundwork to grow the NHS's workforce, support and develop NHS leaders and make our NHS the best place to work. The five strands of the People Plan are:

1. Making the NHS the best place to work
2. Improving the leadership culture
3. Tackling the nursing challenge
4. Delivering 21st century care
5. A new operating model for workforce

We have mapped our existing People Strategy action plan to that of the interim People Plan and review this formally on a quarterly basis.

Workforce Planning
In 2019/20 the Trust invested in the introduction of a small Workforce Planning Team, comprising a Workforce Planning Lead, a support office and a fixed term provisions of administration support. The aim of the Workforce Planning Team is to improve the use and quality of workforce information in order to facilitate short, medium and longer term workforce planning within the Trust. The team also contributes to workforce planning as part of the Dorset Integrated Care System to deliver the NHS Long Term Plan. Work has included the further development of trajectories to support recruitment planning for registered and non- registered nursing staff and work with finance and operational teams to review and plan for future ward staffing including planning to adopt a new role of Nursing Associate. There will be further developments in 2020 to assist managers to incorporate workforce planning into business plans in order to promote workforce sustainability, succession planning and retention.

Health and Wellbeing

All our staff have access to occupational health and wellbeing services which have been provided by Optima Health who are a leading UK Occupational Health & Wellbeing company. Prior to October 2019 services were provided by our partner organisation, Dorset Healthcare University Foundation NHS Trust. Both organisations provide proactive and preventative support, undertakes health checks, vaccinations and immunisation programmes besides dealing with work related issues such as needlestick injuries. Advice and support are offered to employees and managers in relation to the rehabilitation of staff returning to work following illness or with a known disability.

During 2019/20 we continued to promote Care First; our Employee Assistance Programme. Care First are a leading provider of professional counselling, information and advice offering support for issues arising from home or work. They employ professionally qualified Counsellors and Information Specialists, who are experienced in helping people to deal with all kinds of practical and emotional issues.

All staff can access Care First, who will provide additional support in both work and non-work related matters. From work-life balance to childcare information, relationships to workplace issues, health & wellbeing. Topics include (but are not limited to) debt, disability & illness, bereavement & loss, stress, elder care information, life events, anxiety & depression, family issues, education, consumer rights. Care First is free of charge and staff don't need to ask their manager, they can call them directly to speak to a professional counsellor or information specialist in confidence. All staff also have access to confidential counselling via Care First and can self-refer themselves for fast track physiotherapy treatment for joint or muscle pain. Staff are encouraged to take a proactive approach to their wellbeing. During the latter part of the year, the Trust took part in the seasonal flu campaign, aiming to vaccinate as many frontline staff as possible against the influenza virus in order to protect patients, visitors to the hospital, staff and their families. 89.4% of staff received the vaccine at work, a significant (10%) improvement on last year's uptake rate.

Staff across the trust are able to access a financial wellbeing platform, provided by the organisation 'Neyber'. Staff are able to create their own profile on the web portal and have access to personalised online financial education for free. Additionally, if staff have a financial goal like saving money on debt repayments, a new car or some home improvements, they can also access affordable, salary-deducted loans.

Countering Fraud and Corruption

The Trust's Counter Fraud Policy sets out the standards of honesty and propriety expected of staff and encourages employees to report any suspicious activity that might indicate fraud or corruption promptly. The policy links to the Trust's Raising Matters of Concern (Whistleblowing) and Disciplinary policies and various NHS publications on this subject.

The Trust's counter fraud service continues to be provided by TIAA who report directly to the Director of Finance and Resources and also report regularly to the Audit Committee throughout the year. Raising awareness of the need to counter fraud and corruption is taken seriously by the Trust and is communicated via a variety of methods, including leaflets, counter fraud newsletters and notices, staff bulletins, staff awareness presentations, induction training and the Trust's intranet. TIAA undertake a number of proactive work fraud check streams throughout the year to support the Trust's commitment to this area.

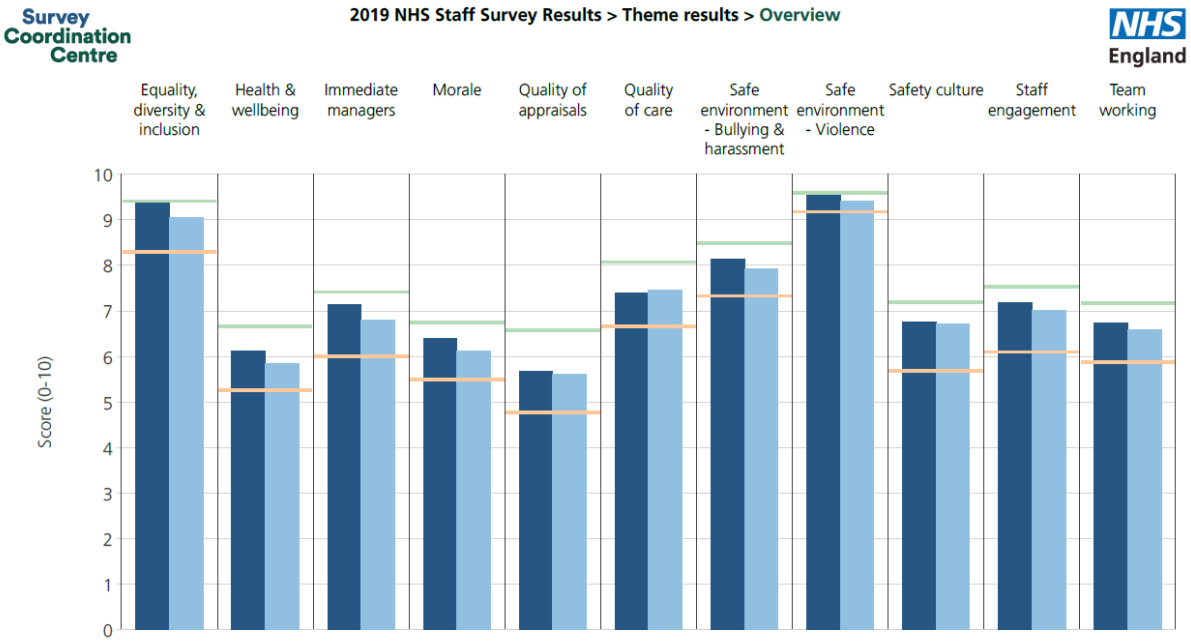
Within 2019/20, the Trust moved to a model of one named Freedom to Speak Up Guardian (FTSUG) supported by a network of Freedom to Speak Up Champions. The FTSUG has a regular meeting with the Chief Executive, Director of Organisational Development and Workforce, and Senior Independent Officer, to discuss and raise any concerns.

The Trust's Senior Independent Officer (SIO) and Whistleblowing Lead is one of our Non-Executive Board members. This role is in place to ensure there is a direct point of contact on the Board, and to provide Board level visibility of any potential issues.

What our Staff Say

Annually, we participate in the NHS national staff survey. In 2019 we surveyed all our staff. The Trust's overall score for staff engagement (measured on a scale of 1 to 10, where ten is the best score) was 7.2, which was above the national average of 7.0 for Acute Trusts. Overall the results show a relatively good overall picture with most findings in line with national norms. The latest results show that no significant changes have been made across any of the 10 themes, showing sustained levels of staff engagement. Results show high consistency with acute national averages. Whilst this is encouraging, it is clear that key areas require further development and we will continue to work with staff representatives to address concerns raised through staff surveys held at national and local level with the aim of improving the working lives of staff. The response rate to the staff survey and performance against the themes were as follows:

	2018/19		2019/20		
	Trust	**National Average**	**Trust**	**National Average**	**Trust Improvement / Deterioration**
Response Rate	49%	44%	44.9%	47.5%	Deterioration of 4.4%



	Equality, diversity & inclusion	Health & wellbeing	Immediate managers	Morale	Quality of appraisals	Quality of care	Safe environment - Bullying & harassment	Safe environment - Violence	Safety culture	Staff engagement	Team working
Best	9.4	6.7	7.4	6.7	6.6	8.1	8.5	9.6	7.2	7.5	7.2
Your org	9.4	6.1	7.1	6.4	5.7	7.4	8.1	9.5	6.8	7.2	6.7
Average	9.0	5.9	6.8	6.1	5.6	7.5	7.9	9.4	6.7	7.0	6.6
Worst	8.3	5.3	6.0	5.5	4.8	6.7	7.3	9.2	5.7	6.1	5.9

The Trust also gauges staff responses in each quarter as to whether they would recommend the Trust to family or friends as a place to work. In quarters 1, 2 and 4 this information is gathered via the staff friends and family test (Staff FFT); in quarter 3 this test forms part of the national staff survey.

	2015	2016	2017	2018	2019
Dorset County Hospital	63%	65%	66%	63%	67%
National Average	59%	59%	61%	66%	66%

The Trust has taken a number of actions to improve staff satisfaction and in turn the quality of its services. Actions taken in 2019 in response to staff feedback include a review of the Freedom to Speak Up Guardians and reminding staff the importance of raising concerns. Our Health & Wellbeing Steering Group have continued to meet on a regular basis; of which the members are health and wellbeing champions; we hope this will provide staff with a further channel of support.

Celebrating Success

Every day, individuals and teams within the Trust go above and beyond the call of duty. Our annual Going the Extra Mile (GEM) Awards have become a well-established means of recognising and honouring staff and volunteers for their service and outstanding contribution to the care of patients and running of the hospital. Staff, patients, their relatives, members of the public and volunteers took the opportunity of nominating those individuals who they judged met the criteria for each of the Trust's nine award categories and best exemplified our values. The hard work and dedication of the nominees were celebrated at a presentation ceremony held in June at Kingston Maurwood College. The event was hosted by the Chairman, Mark Addison and Patricia Miller, Chief Executive, who personally congratulated staff on their achievements. This year's winners were:

Award	Winner
Chairman's Award	Dr David Markham
Leadership Award	Lynn Paterson, Sister (Moreton Ward)
Patient Safety	Dr Duncan Chambler & Mr Ben Stubbs
Innovation	Eleanor Jeram & Susan Farmer (Information)
Lifetime Achievement	Sue Cordner, Staff Nurse
Student/Apprentice of the Year	Angie Faulkner, Assistant Audiologist
Volunteer	Patient Research Ambassadors
Team of the Year	Estates
Charity Fundraiser of the Year	DCH Players

In early 2018 we replaced the WOW! Award scheme, a national employee recognition scheme external to the NHS with our own Hospital Heroes Scheme. We believe in delivering outstanding care for people in ways which matter to them. This is achieved through our commitment to the Trust's Values of teamwork, respect, integrity and excellence. To help honour our Hospital Heroes, we encourage patients, carers, family member and colleagues to thank both teams and individual members of staff who have provided outstanding care to patients. All Hospital Hero Thank You's are published on the staff intranet page and the best nominations will be honoured during a monthly ceremony with a member of the executive team.

Volunteering
Over the past 12 months the volunteer team have worked to implement new volunteer programmes whilst continuing to develop and support current volunteers and roles. This has included the Young Volunteer Programme funded through the Pears #iWill Fund which is part of a national initiative designed to encourage young people to volunteer within their local communities. This programme injected some much needed energy and enthusiasm into our volunteer service and has enabled the next generation a taster of what a career in the NHS has to offer.

Following our review last year of current practice, we looked at ways we could improve our recruitment and training process further, with the main priority being to make it more user friendly for our volunteers. This saw the Volunteer Support Team take over the delivery of the Volunteer Induction Training. We also consolidated a number of our volunteer roles, which meant we could focus on where volunteer support would have the most impact.

Our Volunteer Expansion Programme has been a huge success thanks in part to a national recruitment campaign supported by the Daily Mail and Helpforce. We have seen a vast increase in the number of Volunteer Ward Assistants, which has had a positive impact on the overall patient experience as well as that of visitors and staff alike. We have also been able to focus on ensuring our volunteers are supported throughout their recruitment and training journey. Retention of our volunteers is also very important to us and over the last 12 months we have seen a steady flow of events, providing an opportunity for the volunteers to get together, with the main aim to say thank you.

Following a successful bid for funding from NHS England, at the beginning of 2020 we introduced a new Response Volunteer role. This role will enable us to provide a more reactive support on a daily basis. The funding has allowed us to temporarily expand our team, to support the launch and development of this role.

Whilst the COVID-19 restrictions and response effort has put a temporary hold on further development of much of the above mentioned projects it has shown how valuable our volunteers can be in a response role. As we entered the middle of March 2020 most patient facing volunteer roles were suspended with many volunteers shielding in line with the government restrictions. The remaining small team of volunteers though have been very much involved in supporting the hospital through a number of tasks including PPE distribution and donation co-ordination and we are now looking ahead to see how we incorporate widespread change into our volunteer services moving forward.

Potential volunteers considering joining the Trust can contact the team via volunteering@dchft.nhs.uk

Education, Learning and Development
We are committed to developing the capability and skills of our multi-professional workforce to enable staff to deliver high quality, evidenced based safe patient care. The implementation of our Education, Learning and Development Strategy supports this commitment.

The Trust's Education Centre offers a wide range of education, learning and development opportunities, not only for our staff, but also for the wider healthcare community including under graduate and post graduate students of all disciplines. We are constantly developing new and innovative ways of delivering ongoing learning. An annual training needs analysis is conducted each year to ensure that the resources are targeted to areas that will directly benefit patients and link to workforce transformation or service redesign.

We are committed to working with our local organisations within the Dorset ICS to streamline, innovate and improve access to education, learning and development for all staff.

Preceptorship
The Preceptorship Programme continues to run with two intakes a year. All clinical non-medical professional staff groups can now access the programmes for their newly qualified professionals. Our numbers for 19/20 have been positive with 84 newly qualified professionals undertaking the programme and accessing the support of the practice educator team.

During the last year we have committed to investing in further recruitment of overseas nurses.19/20 saw us welcome and employ 45 overseas nurses and we have supported their education through NMC OSCE (Objective Structured Clinical Examination) preparation sessions and mock exams as well as providing support for them in clinical practice.

Apprenticeships
In 2019/20 we had 61 new enrolments onto apprenticeship courses across the Trust, ranging in Level 2 – 7 and across many areas from Business Administration to Senior Leader Master's Degree. We have timely completion rates and some progression onto further apprenticeship courses. We continue to work with the Dorset Wide Apprenticeship Group and employed 10 new Registered Degree Nursing Apprentices who were new to the care sector. We also work with the Dorset Apprenticeship Group to procure providers and promote apprenticeships across the county, attending school and college events. To support staff wishing to progress onto apprenticeship courses we offered Functional Skills courses and Study Skills and welcomed providers in to give presentations on specific apprenticeship courses. We ran a range of events to celebrate National Apprenticeship week in February 2020.

The Care Certificate
The Care Certificate continues to achieve excellent rates of achievement and on completion staff can progress to the apprenticeship if they to continue their education. We offer a concise version for existing staff who wish to progress their healthcare education. In early response to the Covid 19 Pandemic we commenced delivery of an adapted version of the Care Certificate for both clinical and non-clinical existing staff which enables them to be ready for redeployment if necessary.

Work Experience and Supported Interns
We have a directory of work areas, clinical and non-clinical, which enables applicants to select their preferred area for a work experience placement. We welcomed many students to the Trust to complete work experience. Many have then gone on to apply for positions in the organisation. We have also offered Support Internships placements, working with Weymouth College to support students with additional needs to access the world of work which without the program they would have struggled to achieve.

Leadership Development
The Leadership Engagement sessions for our senior leaders continued in 2019/20 focusing upon equality, diversity & inclusion and quality improvement & patient experience respectively. These were well attended with over 100 participants at each event.

In line with the People Strategy, a revised leadership strategy was approved and 3 core leadership programmes were launched in the autumn:

Fundamentals – delivered in-house with 25 participants.
Advanced – delivered by external training organisation Learning2XL (following a procurement exercise) with 15 participants.
Clinical – delivered by NHS Elect (as part of our membership package) with 32 participants.

All three programmes were underpinned by the use of self-awareness tools and quality & service improvement interventions. Feedback has been positive and impact evaluation reviews are underway to enhance the programmes further for on-going roll-out in 2020. These will help ensure our

managers and supervisors continue to develop the necessary leadership skills enabling the Trust to continue to deliver outstanding care for patients, service users, their families and carers.
These core programmes continue to be supplemented by a range of other opportunities, such as external programmes, as well as coaching & mentoring, e-learning and an expanding range of workshops which form part of our Management Toolbox. The latter includes workshops on budget management delivered by the Finance Team and essential people management delivered by HR.

Using the outcomes of the formal talent management programme completed in 2018 the Trust was able to nominate 4 delegates to take part in the new Dorset System Talent Management Programme that ran during 2019. Participants' feedback indicates this was a positive, worth-while programme they would recommend to others and nominations are under consideration for the 2020 programme. Also as a member of the Dorset System, the Trust took part in the pilot of a new national Talent Management Diagnostic Tool. The results have provided useful insights, highlighting areas to focus upon, plus the provision of resources and support to benefit our work in this particular area.

Organisational Development
April 2019 marked the appointment of the first Organisational Development Lead in the Trust, working closely with the HR and Leadership Development functions to support individuals and teams across the Organisation.

In early 2019, a survey on theatres culture highlighted the need to ensure; all staff are being held to consistently high standards of behaviour across theatres, concerns raised were being taken seriously by management, a greater focus on staff development, and increased visibility of excellent practice. Staff engagement initiatives included a theatres culture day and task and finish groups, leading to a number of interventions including; the development of a values based theatres behavioural framework, the introduction of favourable event reporting forms, the appointment of 4 freedom to speak up champions, collaboration with theatres improvement project on highlighting achievements, and daily huddles, to name a few. A second culture survey in February 2020 suggested these interventions have not yet had the desired impact. A second culture day is scheduled for October 2020, and an intervention to support the development of the theatres management team to take greater proactive ownership over culture is scheduled for May 2020.

Organisational Development supported the Pharmacy department in late 2019, triggered by excessive levels of staff turnover and sickness absence. Following this intervention, turnover and absence have fallen significantly, and the Pharmacy leadership team are working in partnership with staff to improve; welfare, induction & training, environment and engagement.

Organisational Development and Leadership supported SCBU with a team away day following concerns about behaviours and morale in the team. While feedback from the day was positive, the team are yet to take up the offer of further Organisational Development support and we continue to offer advice and support to managers and teams.

NHSI have developed a Leadership and Culture programme in collaboration with The King's Fund. The programme takes an evidenced based approach to improving organisational performance through culture and leadership behaviours. Workforce committee approved a proposal from Organisational Development to embark on the Culture & Leadership Programme in Dorset County Hospital in 2020/21. This programme will inform the strategic direction and priorities for Organisational Development in the coming 2-3 years.

Library

The Library team have been preparing for the new quality assessment process that focusses on continual quality improvement commencing this year. The Librarian has achieved national recognition for her work on health literacy and has so far recruited 12 “champions” to promote health literacy across the Trust. There has been an increased demand for literature searches this year with 57 searches being conducted. This saves clinicians’ and managers’ time and effort and ensures that evidence is obtained from good quality sources. Over 500 Library members receive regular evidence alerts. 61 people have received training in literature searching, study skills and referencing. The Library Service Manager qualified as an ILM Level 5 certified Coach and is one of the in-house coaches at DCH. Library user feedback demonstrates the value that people place on having a quiet space to study. To improve the environment we have installed additional power points and benching to allow better use of the space for staff.

Medical Education

Over the last year we have seen lots of change in the Medical Education team (with a new Medical Education Manager, Foundation Programme Manager, Foundation Programme Director, Chief Registrar and Guardian of Safe Working) so it is to everyone’s credit that the standard of Education and Training we offer here at DCH continues to be high, as evidenced by the majority of the results in the annual Survey of doctors in training conducted by the GMC. In areas where concerns were identified the DME met with departments to discuss changes to drive improvement. We have had two School Visits in the last year; the School of Emergency Medicine made their first Visit since we were approved as a training facility for EM doctors – their report praised the positive culture in the Department, recognising that the multi-professional team are friendly and supportive and that the Educators are engaged and enthusiastic. The rota was described as ‘fantastic’ for training. The Foundation School visited at the beginning of February, and praised the strong educational culture in the Trust, and our robust educational leadership. Both visits gave us areas where we can improve; these are being taken forward by the relevant clinical areas. The Junior Doctors Forum continues to give the opportunity for juniors to speak directly to Execs. The quality of the relationships fostered in this way has stood us in good stead when encountering the challenges posed by Covid-19. The junior doctor workforce have been flexible, helpful and resilient, aiding decision-making and enabling our response across the Trust. The recent appointment of a consultant, Dr Rachel Wharton, to lead on the Education and Pastoral Care of our non-trainee non-consultant doctors (also known as ‘LEDs’ – locally employed doctors) will enable this group’s needs to be progressed, thus making DCH an attractive employer – vital when we are needing to bolster the medical workforce.

Trade Union Facility Time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	FTE employee number
10	2126

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1-50%	10
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

	Figures
Provide the total cost of facility time	£6,240
Provide the total pay bill	£135,448,774
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.005%

Paid trade union activities

Time spent on paid TU activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid TU activities by TU representatives during the relevant period ÷ total paid facility time hours) x 100	18%

Consultancy

The NHS has additional controls for spending on consultancy contracts over the value of £50,000 to ensure value for money. The Trust had no contracts which exceeded the £50,000 limit.

	2019/20 £000s
Finance	30
Human Resources	32
IT/IS Consultancy	26
Legal Consultancy	12
Marketing & Communications	2
Procurement	20
Property and Construction	88
Strategy	68
Technical	33
Total	**311**

Reporting High Paid Off-payroll Arrangements

The Trust has a policy on the engagement of staff off-payroll to ensure compliance with employment law, tax law and HM Treasury guidance for government bodies. This contains a procedure to ensure appointees give assurances to the Trust that they are meeting their Income tax and National Insurance obligations.

The policy includes controls for highly paid staff including board members and senior officials, individuals under these sections require Accounting Officer approval and should only last longer than six months in exceptional circumstances.

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

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 engagements
Number of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	2
Of which…	
No. assessed as caught by IR35	2
No. assessed as not caught by IR35	Nil
No. engaged directly (via PSC contracted to the entity) and are on the departmental payroll	Nil
No. of engagements reassessed for consistency/assurance purposes during the year.	2
No of engagements that saw a change to IR35 status following the consistency review	Nil

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 engagements
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	Nil
Number of individuals that have been deemed “board members and/or senior officials with significant financial responsibility” during the financial year. This figure includes both off-payroll and on-payroll engagements	15

The Trust has made no payments for off payroll arrangements to individuals through their own companies during 2019/20.

The following sections of the Staff Report are subject to audit

Average number of employees (WTE basis)

	Average for year ended 31 March 2020		
	Total number	Permanent number	Other number
Medical and dental	371	354	17
Administration and estates	416	414	2
Healthcare assistants and other support staff	841	829	12
Nursing, midwifery and health visiting staff	750	694	56
Nursing, midwifery and health visiting learners	13	13	-
Scientific, therapeutic and technical staff	224	223	1
Healthcare science staff	80	76	4
Social care and staff	2	-	2
Total	2,697	2,603	94
Of which: Engaged on capital projects	15	15	-

The average number of employees is calculated on the basis of the number of worked hours reported. This means that the reporting of staff numbers and staff costs incurred are on a more consistent basis.

Employee Expenses

	Total £000	Permanent employed £000	Other total £000
Salaries and Wages	100,724	99,484	1,240
Social security costs	9,566	9,566	-
Apprenticeship levy	485	485	-
Pension cost – NHS pensions	12,052	12,052	-
Pension cost – Employer contributions paid by NHSE	5,258	5,258	-
Pension cost – other	38	38	-
Termination benefits	96	96	-
Temporary staff – Agency/contract staff	7,837	-	7,837
Total Gross Staff Costs	**136,056**	**126,979**	**9,077**
Included within; costs capitalised as part of assets	607	607	-

Exit Packages

2019/20 Exit package cost band	Number of Compulsory redundancies	Number of Other departures agreed	Total number of exit packages by cost band
< £10,000	-	28	28
£10,001 - £25,000	-	1	1
Total number of exit packages by type	-	29	29
Total resource cost (£000)	-	96	96

2018/19 Exit package cost band	Number of Compulsory redundancies	Number of Other departures agreed	Total number of exit packages by cost band
< £10,000	-	11	11
£10,001 - £25,000	-	2	2
£25,001 - £50,000	-	1	1
£50,001 - £100,000	-	1	1
Total number of exit packages by type	-	15	15
Total resource cost (£000)	-	148	148

The payments included in 'Other departures' agreed for 2019/20 are thirty-three in respect of contractual payments made in lieu of notice (2018/19 Thirteen payments for lieu of notice and two in respect of exit payments following employment tribunals or court orders). Where the Trust has agreed early retirements, the additional costs are met by the Trust and not by the NHS pension scheme. Ill-health retirement costs are met by the NHS pension scheme and are not included in this table.

Disclosures Set Out in the NHS Foundation Trust Code of Governance

Board of Directors

The Board of Directors' primary role is to lead the Trust and set the Trust's strategic direction and objective and ensure that delivery of these is achieved within planned resources. The Board composition is as follows:

- Chair
- Six Non-Executive Directors
- Six Executive Directors
    - Chief Executive
    - Director of Finance and Resources
    - Medical Director
    - Director of Nursing and Quality
    - Chief Operating Officer
    - Director of Organisational Development and Workforce

The Trust also has two non-voting Executive Director who are in attendance at Board meetings.

- Chief Information Officer
- Director of Strategy, Transformation and Partnerships

The Chair and Non-Executive Directors come from a range of professional backgrounds and succession planning is kept under review to ensure that Non-Executive Directors skills and experience reflect the evolving needs of the Trust. The Trust is confident that Non-Executive Directors and Chair are independent in character and there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgment.

The Trust has made the following appointments to the Board during 2019/20:

- One Executive Director (Chief Information Officer – commenced June 2019)
- Two Non-Executive Directors (commencing March 2020 and June 2020)

The Board has in place a Scheme of Delegation and a Schedule of Powers and Decisions Reserved to the Board to ensure that decisions are taken at the appropriate level. Governors are provided at induction with full details of the roles and responsibilities of the Council of Governors.

To Board has the following key functions:

- To formulate strategy;
- To ensure accountability by holding the organisation to account for the delivery of the strategy and through seeking assurance that systems of control are robust and reliable;
- Shaping a positive culture for the Board and the organisation;
- To, individually and collectively, act with a view to promoting the success of the Trust so as to maximise the benefits for the members as a whole and for the public;
- To maintain and improve quality of care;
- To ensure compliance with all applicable law, regulation and statutory guidance;
- To work in partnership with patients, carers, local health organisation, local government authorities and others to provide safe, effective, accessible and well governed services for patients.

Non-Executive Director appointments, including that of the Chair, are made by the Council of Governors. The Council of Governors is also responsible for approving the appointment of the Chief Executive. All Board level appointments are made using fair and transparent selection processes, with specialist Human Resources input and external assessors as required.

In accordance with the NHS Foundation Trust Code of Governance, the Chair and Non-Executive Directors have a fixed tenure of three years renewable with a further period of three years, subject to satisfactory annual performance appraisal and the agreement of the Council of Governors. Any term beyond six years for a Non-Executive Director would be subject to particularly rigorous review, and would take into account the need for progressive refreshing of the board. Non-Executive Directors may, in exceptional circumstances, serve longer than six years but this would be subject to annual re-appointment to a maximum of nine years in total. The circumstances in which a Non-Executive Director contract may be terminated early are set out in the Trust's Constitution and included in Non-Executive Director Terms and Conditions.

Arrangements for the election to vacant Governor posts was suspended in April 2020 in line with national guidelines due to the COVID-19 pandemic. All nominees have been notified and elections will resume as soon as it is possible to do in line with further national guidance that is expected.

The Trust has in place a formal annual appraisal process for both Executive and Non-Executive Directors carried out against agreed objectives. The Chief Executive appraises the Executive Directors, the Chair appraises the Chief Executive and Non-Executive Directors. The appraisal of the Chair is led by the Senior Independent Director. The outcomes of Executive Directors' appraisals are shared with the Remuneration and Terms of Service Committee, and those of the Chair and Non-Executive Directors with the Nominations and Remuneration Committee.

Board of Directors' Profiles

Chair
Mark Addison – first term 24/3/2016 – 23/3/2019, second term 24/3/2019 – 23/3/2022
Mark has had an executive career in central government, working in senior operational and policy roles in a number of departments. He was the Chief Executive of the Crown Prosecution Service, Director General for Operations in the Department of Environment, Food and Rural Affairs, and was for a short spell the permanent Secretary of that Department and Chief Executive of the Rural Payments Agency. He has previously held non-executive roles, sitting on the boards of The National Archives and the Which? Council. He was the Chair of the Nursing and Midwifery Council. Mark remains a Public Appointments Assessor and a member of the Advisory Committee on Business appointments. These commitments have no impact upon his ability to chair Dorset County Hospital NHS Foundation Trust.

Chief Executive
Patricia Miller – appointed substantive Chief Executive 15 September 2014
Patricia holds a Masters degree in Health Care Management from Manchester Business School, and is a graduate of the East of England aspiring Directors Programme. She is also a graduate of the Kings Fund Athena Programme – a leadership programme for executive women from across the public sector. She has worked for the NHS for over 20 years and was a member of the senior management at Bedford Hospital NHS Trust where she worked for nine years: her last role there was as Interim Chief Operating Officer. She has led a range of innovative and successful initiatives to improve patient safety and quality and has a proven track record in turning around hospital departments in financial difficulty, without impacting on service provision. Patricia joined the Trust in 2011 as Director of Operations and was appointed Chief Executive in 2014. Patricia is also a member of the NHS Providers Board.

Non-Executive Directors

Sue Atkinson - first term 1/09/16 – 31/8/19, second term 1/09/2019 – 31/08/22
Sue has considerable experience in Public Health, clinical medicine, commissioning, as a chief executive, executive director and non-executive director in the NHS and DoH. She was Regional Director of Public Health (RDPH) for London and developed the role as Health Advisor to the Mayor and Greater London Authority. She was previously RDPH and Medical Director of South Thames, South West Region and Wessex. Her work includes health strategy, inequalities and partnership working, including with national and local government and the third sector. Sue holds a number of non-executive and academic posts, including founding Director and Chair of PHAST (Public Health Action Support Team – a not for profit social enterprise). She is a Board Member of the Faculty of Public Health, Visiting Professor at UCL, Co-Chairs the Climate and Health Council and was a board member of the Food Standards Agency.

Peter Greensmith – first term 1/6/14 – 31/05/17, Vice Chair from 1/10/16, second term 1/6/17 – 31/5/19
Peter has extensive experience as a Board Director having served on six Boards. He has working in the UK food and drink sectors, most recently on the board of Hall and Woodhouse Ltd as Chief Executive from 1991 to 2005. He also ran the Cow & Gate baby foods UK operation. He has previously been a Non-Executive Director for Avon and Wiltshire Mental Health Partnership NHS Trust.

Judy Gillow – first term 1/9/16 – 31/8/19, Vice Chair from 02/09/19, second term 1/09/2019 – 31/08/22
Judy has had an extensive and successful career in the NHS in clinical, operational management, educational and Executive Director roles. She was awarded an MBE in 2010 for her work on improving hospital infection rates and in 2016 she was awarded an honorary doctorate by Southampton University for her work on developing clinical academic careers for nurses and health professionals. Her most recent post was Director of Nursing at University Hospital Southampton where she led the quality improvement agenda. She is currently Senior Nurse Advisor for Health Education England, Wessex Branch, as well as a lay member of West Hampshire Clinical Commissioning Group. In addition she is a Specialist Advisor for the Care Quality Commission.

Victoria Hodges – first term 1/9/16 – 31/8/19, second term 1/09/2019 – 31/08/22
Victoria has had an executive career of over 25 years in the retail sector, with her remit covering all aspects of Human Resources and in particular organisation design, culture, change and leadership development. She has extensive experience of working with boards to drive business strategy and performance. Her most recent role was as People & Culture Director at White Stuff, which was ranked in the 'Times Top 100 Best Companies To Work For' for nine successive years under her leadership.

Ian Metcalfe - first term 1/11/17 – 31/10/20
Ian is an experienced Finance Director and a qualified management accountant who started his career in the commercial sector, but for the past twenty years has worked as an executive and non-executive director in the not-for-profit, charity and health sectors, and more recently in arts organisations. Ian has served on a number of Boards, including eight years as a non-executive director with Royal Bournemouth Hospital, where he was Chair of a number of committees, including the project board which led the re-build of Christchurch Hospital as a health and care community. He is currently a trustee of Lighthouse, Poole's centre for the arts, and has just rejoined the Board of Activate, an arts enabling organisation based in Dorchester.

Matthew Rose – first term 17/6/14 – 16/6/17, second term 17/6/17 – 16/6/20
Matthew is a qualified accountant and a member of the Chartered Institute of Management Accountants. He has had a number of senior finance roles including previously working for Portsmouth Hospitals NHS Trust. He is a highly experience senior commercial finance professional and has worked for New Look retailers based in Weymouth for the last 17 years. In his roles as Head of Finance he has the responsibility to implement the financial strategy to optimise the trading performance across all channels. He has extensive experience on strategic financial planning and budgeting and has a strong track record of challenging existing resources, systems and ways of working.

David Underwood – first term 1/03/20 – 28/02/23
Dave is an experienced senior leader having worked first at the Civil Aviation Authority as an Air Traffic Control Scientist and Research Manager before joining the Met Office, in 1998, to lead their Civil Aviation Business. Over 20 years with the Met Office Dave undertook a range of senior executive roles including Group Head of Public Sector Business, Deputy Director of Technology and Information Systems and latterly Deputy Director of High Performance Computing. In addition to his executive roles Dave has more than 10 years non-executive leadership experience gained in the fields of Environmental Business, Further Education (serving on the Board of Exeter College) and most recently as a Non-Executive Independent Advisor to the Royal Devon & Exeter NHS Foundation Trust with regard to their MyCare Technology enabled Transformation Programme. Dave is passionate about delivering effective leadership of change and promoting the benefits of careers in science, technology, engineering, mathematics and medicine

Executive Directors

Director of Finance and Resources: Paul Goddard – appointed 18 June 2018
Paul is a fellow of the Association of Chartered Certified Accountants and has over 30 years' experience in NHS finance. He joined the Trust in June 2019 from University Hospital Southampton Foundation Trust where he spent 10 years rising from Assistant Director of Finance to the role of Director of Finance which included a directorship of the wholly owned subsidiaries. He has worked extensively across the NHS sector at a senior level within both provider and commissioning organisations and also gained valuable experience working in a commercial role within a large US owned facilities management company.

Medical Director: Professor Alastair Hutchison – appointed July 2018
Alastair joined the Trust in July 2018 from Manchester Royal Infirmary, where he was Clinical Head of Division for Specialist Medicine and Clinical Professor of Kidney Medicine (University of Manchester). He has worked in clinical leadership roles in Manchester for over 15 years, including being Clinical Director for Renal Medicine, the Royal College Tutor in Medicine, Associate Clinical Head of the Division of Medicine, and most recently the Clinical Head for Specialist Medicine. He has clinically supervised the development and introduction of new IT systems as well as having a major interest in infection control. Alastair has wide-ranging experience in managing complex clinical services, and is actively involved in research into acute and chronic kidney disease with around 100 publications in peer-reviewed journals and books. He has written chapters for both the Oxford Textbook of Medicine and the Oxford Textbook of Clinical Nephrology.

Director of Strategy Transformation and Partnerships: Nick Johnson – appointed 1 February 2016 (non-voting) and Acting Chief Executive from 1 March 2020
Nick joined the Trust from University Hospital Southampton NHS Foundation Trust where he was responsible for strategy and commercial development projects, including establishing and innovative commercial development joint venture, for which he was a Board Member. Prior to that, he was responsible for business development and bid management at a large, multi-national infrastructure and support services provider focusing on strategic public private partnerships. Nick has also worked in a number of local authorities delivering innovative strategic partnerships, contract management and service transformation. Nick has an MSc from Warwick Business School and started his career on the National Graduate Management Scheme for Local Government.

Director of Nursing and Quality: Nicky Lucey – appointed 1 September 2016
Nicky joined the Trust from Kent Community Health NHS Foundation Trust where she was Director of Nursing and Quality. During her career Nicky has held a number of senior roles, including director of clinical standards at Portsmouth Hospitals NHS Trust. Her wealth of experience includes having successfully led many initiatives, such as workforce redesign involving education and career development, as well as patient care improvements. Nicky, who trained at Uxbridge, Middlesex, also has an MBA from Solent University. She has a professional background in cardiothoracic and critical care.

Chief Operating Officer: Inese Robotham – appointed 19 November 2018
Inese joined the Trust in November 2018 from Worcestershire Acute Hospitals NHS Trust where she held a variety of roles, the last one being Acting Chief Operating Officer. She has worked for the NHS for over 18 years in both highly performing and challenged organisations and has led a number of complex service redesign and improvement initiatives. Inese is passionate about improving the quality of patient care and experience and holds a Masters Degree in Leadership for Healthcare Improvement from the University of Birmingham. She is also a Leadership Fellow with the Health Foundation.

Chief Information Officer – Stephen Slough – appointed 1 June 2019 (non-voting)
Stephen joined DCHFT as the first CIO on the Trust Board. He is a Chartered Fellow of the British Computer Society and a Leading Practitioner for the newly launched national FED-IP digital healthcare leadership framework, and brings experience from a variety of national, European and global leadership roles he held for Siemens over a 20 plus year career in the private sector, before joining the NHS in Dorset in 2016. Since joining the NHS he has led the creation of the digital transformation portfolio for the Dorset ICS, driving forward the digital agenda for the county with an ambition to provide sustainable digital services to the staff and public alike. Living close to Dorchester with his family he is a Scout Leader and a volunteer with Dorset Search and Rescue in his spare time.

Director of Organisational Development and Workforce: Mark Warner – appointed 2 March 2015
Mark formerly worked for Buckinghamshire Healthcare NHS Trust from July 2013 and was responsible for leading the people agenda for the Trust. Previously, he was Head of Human Resources at West Sussex County Council. Mark has more than 25 years' experience in the field of HR, including 18 years in the airline industry with British Airways.

Attendance at Trust Board Meetings 2019/20
This is given in the table on the following page.

Dev – Board of Directors Development Session
P1 – Part One Public Board of Directors Meeting
P2 – Confidential Board of Directors Meeting
P - Present
A - Apologies

Attendance at Trust Board Meetings 2019/20

	24 April	29 May		26 June	31 July		28 August	25 Sept		30 Oct	27 Nov		16 Dec	29 January	4 February		26 February	5 March	25 March
	Dev	P1	P2	Dev	P1	P2	Dev	P1	P2	Dev	P1	P2	Dev	Dev	P1	P2	Dev	P2	P2
Non- Executive Directors																			
Mr Mark Addison	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	A	P	P
Prof Sue Atkinson	P	P	P	P	P	P	P	A	A	P	A	A	P	P	P	A	P	P	P
Ms Judy Gillow	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Mr Peter Greensmith (to 31/05/19)	P	P	P																
Ms Victoria Hodges	P	P	A	P	P	P	A	P	P	P	P	P	P	P	P	P	P	P	P
Mr Ian Metcalfe	P	P	A	P	P	P	P	P	P	P	P	P	P	A	P	P	P	P	P
Mr Matthew Rose	P	P	P	P	P	P	P	P	P	P	P	P	A	P	A	P	P	P	P
Mr David Underwood (from 01/03/20)																		A	P
Executive Directors																			
	24 April	29 May		26 June	31 July		28 August	25 Sept		30 Oct	27 Nov		16 Dec	29 January	4 February		26 February	5 March	25 March
	Dev	P1	P2	Dev	P1	P2	Dev	P1	P2	Dev	P1	P2	Dev	Dev	*P1*	*P2*	Dev	P2	P2
Ms Patricia Miller	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P		
Mr Paul Goddard	P	P	P	P	P	P	A	P	P	P	P	P	P	P	P	P	P	P	P
Mr Alastair Hutchison	A	P	P	P	P	P	A	P	P	P	P	P	P	P	P	P	P	P	P
Mr Nick Johnson	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Ms Nicky Lucey	P	P	P	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Ms Inese Robotham	A	A	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Mr Stephen Slough (from 01/06/19)				P	P	P	P	P	P	P	P	P	P	P	P	P	A	P	P
Mr Mark Warner	P	A	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P

Council of Governors

The Council of Governors is made up of elected and appointed representatives from members of the public, staff and stakeholder organisations. It consists of 28 Governors (16 elected Public Governors, 4 elected Staff Governors and 8 Appointed Governors). The Trust membership elects the Public and Staff Governors and it is part of the elected Governor role to represent the members of their constituencies and communicate their views to the Board. The Trust has a duty to ensure that its members are engaged in and kept up to date with developments within the hospital and its services.

The Council of Governors plays a vital part in the work of the Trust including statutory duties. The Council of Governors' specific statutory duties are:

- Appoint and, if appropriate, remove the Chair
- Appoint and, if appropriate, removed the other Non-Executive Directors
- Decide the remuneration and allowance and other terms and conditions of office of the Chair and other Non-Executives
- Approve the appointment of the Chief Executive
- Appoint and, if appropriate, remove the Trust's External Auditor
- Receive the Trust's annual accounts, any report of the Auditor on them and the Annual Report
- Hold the Non-Executive Directors, individually and collectively, to account for the performance of the Board of Directors
- Represent the interests of the members of the Trust as a whole and the interests of the public
- Approve "significant transactions"
- Approve an application by the Trust to enter into a merger, acquisition, separation or dissolution
- Approve any increase by 5% or more the proportion of the Trust's total income in any financial year attributable to activities other than the provision of goods and services for the purposes of the health service in England
- Approve amendments to the Trust's constitution

The Council of Governors meets on a quarterly basis.

Attendance at Council of Governors Meetings 2019/20

Members and Constituency		Current Tenure	Attendance at Council of Governors
ELECTED GOVERNORS			
Simon Bishop	East Dorset	01/06/17 - 31/05/20 (first term)	3/4
Christine McGee	North Dorset	09/07/18 – 08/07/21 (third term)	2/4
Maurice Perks	North Dorset	09/07/18 – 08/07/21 (first term)	4/4
Sarah Carney	West Dorset	09/07/18 – 08/07/21 (first term)	4/4
David Cove (Lead Governor)	West Dorset	01/06/17 - 31/05/20 (second term)	4/4
Wally Gundry	West Dorset	09/07/18 – 08/07/21 (first term)	3/4
Gavin Maxwell	West Dorset	01/06/17 - 31/05/20 (first term)	4/4
Naomi Patterson	West Dorset	09/07/18 – 08/07/21 (first term)	2/4
David Tett	West Dorset	09/07/18 – 08/07/21 (second term)	4/4
Margaret Alsop	Weymouth and Portland	01/06/17 - 31/05/20 (first term)	3/4
Stephen Mason	Weymouth and Portland	09/07/18 – 08/07/21 (first term)	3/4
Dave Stebbing	Weymouth and Portland	01/06/17 - 31/05/20 (first term)	3/4
Sharon Waight	Weymouth and Portland	09/07/18 – 08/07/21 (second term)	2/4
1 Vacancy	East Dorset		
1 Vacancy	North Dorset		
1 Vacancy	West Dorset		
1 Vacancy	Weymouth and Portland		
1 Vacancy	South Somerset and Rest of England		
STAFF GOVERNORS			
Tracy Glen	Staff	01/06/17 - 31/05/20	3/4
Tony James	Staff	01/06/17 - 31/05/20	4/4
2 Vacancies			

Attendance at Council of Governors Meetings 2019/20 continued

Members and Constituency		Current Tenure	Attendance at Council of Governors
APPOINTED GOVERNORS			
Peter Wood	Age UK		4/4
Jenny Bubb	Dorset Clinical Commissioning Group		4/4
Tony Alford (from 05/07/19)	Dorset Council		1/3
Annette Kent/Barbara Purnell	Friends of DCH		0/4
Davina Smith	Weldmar Hospicecare Trust		4/4
GOVERNORS WHO LEFT DURING THE YEAR			
Kevin Brookes	Dorset County Council	To 02/05/2019	0/0
Lee Armstrong	Staff Governor	To 06/09/19	1/2

*The Council of Governors met on the following dates in 2019/20: 13 May 2019, 2 September, 11 November 2019 and 3 February 2020.

Additionally, the Governors' Working Group meets on a more informal basis four times a year. These meetings are attended by Non-Executive Directors on a rotational basis.

There were no Governor elections held during 2019/20.

During 2019/20 the Council of Governors maintained four committees to progress various aspects of the Council's work:

- Nominations and Remuneration Committee – to develop and deliver the procedures and processes for the selection, recruitment, remuneration and other terms and conditions of the Chair and Non-Executive Directors (NEDs),
- Membership Development Committee – to implement the Membership Development Strategy and develop communication and engagement mechanisms with the membership,
- Constitution Review Committee - to review the Trust's Constitution to ensure it meets current statutory and local and national governance requirements,
- Strategic Plan Committee – to provide Governors with a mechanism for feeding the priorities of the membership and the wider community into the planning process and to engage with the Board of Directors in the formulation of the hospital's strategic plans.

Governors' contact details are available on the Trust's website www.dchft.nhs.uk or correspondence can be sent to the Trust Secretary, Dorset County Hospital NHS Foundation Trust, Trust HQ, Williams Avenue, Dorchester, Dorset, DT1 2JY.

Nominations and Remuneration Committee

The Nominations and Remunerations Committee's duties are to make recommendations to the Council of Governors in respect of:

- Regularly reviewing the terms and conditions, including the Job Description and Person Specification, of the Chair and Non-Executive Directors
- Developing and undertaking the selection processes for any new Chair and/or Non-Executive Director appointments
- Considering any extension of tenure of the Chair and Non-Executive Directors at the end of each term of office
- Reviewing annually the remuneration of the Chair and Non-Executive Directors
- Receiving detail of the annual appraisal of the Chair and Non-Executive Directors
- Regularly reviewing the skill mix of the Chair and Non-Executives to ensure it adequately reflects need
- Being involved in the appointment of the Chief Executive and making recommendation to the Council of Governors for approval.

The Nomination and Remuneration Committee comprises the Chair, Vice Chair (who chairs the Committee when issues relating to the Chair are under discussion), the Lead Governor, four elected Public Governors, two elected Staff Governors and one Appointed Governor. The Chief Executive, Director of Organisational Development and Workforce, and the Trust Secretary are also in attendance as required. The Nominations and Remuneration Committee convened three times during the period. The meetings took place on 13 May 2019, 2 September 2019 and 28 January 2020.

Attendance at Nominations and Remuneration Committee 2019/20

Name	Title	Attendance/ Meetings invited to or required to attend
Mark Addison (Chair)	Trust Chair	2/2
Lee Armstrong	Staff Governor	1/1
Peter Greensmith	Non-Executive Director/Vice Chair	1/1
David Cove	Public Governor (West Dorset) (Lead Governor)	3/3
Wally Gundry	Public Governor (West Dorset)	2/3
Victoria Hodges (NED)	Non-Executive Director/Senior Independent Director	1/1
Stephen Mason	Public Governor (West Dorset)	2/3
Christine McGee	Public Governor (North Dorset)	2/3
David Tett	Public Governor (West Dorset)	2/3
Mark Warner	Director of OD and Workforce	2/3
Peter Wood	Appointed Governor (Age UK)	3/3

How the Board and Governors Work Together

Governors are allocated time at the end of each Board meeting to ask questions of the Board on behalf of members or to relay members' views. In addition, Governors are able to contact Board members at any time outside of formal meetings in relation to members' feedback or questions.

Nominated Governors are invited to attend Board Committee meetings (with the exception of Remuneration and Terms of Service Committee) as observers.

The Trust encourages its Governors to engage with the public and members through circulation of regular membership newsletters, by holding members' events on topics of interest to the public, by encouraging Governor participation in the hospital open day and by supporting Staff Governors and Public Governors to hold area meetings to engage with their constituents.

Non-Executive Directors are invited to attend formal Council of Governor meetings, Governors' Working Group meetings, and membership events as additional opportunities to develop relationships. The Trust also has a "buddying" system between Non-Executive Directors and Governors based on location.

In the event of a disagreement between the Council of Governors and the Board of Directors, the Dispute Resolution process referred to in the Trust's Constitution (Annex 8) will be invoked.

Director Attendance at Public Council of Governors' Meetings during 2019/20

Name	Title	Attendance/ Meetings invited to or required to attend
Mark Addison (Chair)	Trust Chair	4/4
Peter Greensmith	Non-Executive Director/Vice Chair	1/1
Paul Goddard (or deputy)	Director of Finance and Resources	4/4
Victoria Hodges	Non-Executive Director/Senior Independent Director	1/1
Alastair Hutchison	Medical Director	1/1
Nick Johnson	Director of Strategy, Transformation and Partnerships	1/1
Ian Metcalfe	Non-Executive Director	1/1
Patricia Miller	Chief Executive	3/3
Inese Robotham	Chief Operating Officer	2/2
Stephen Slough	Chief Information Officer	1/1

*The Council of Governors met on the following dates in 2019/20: 13 May 2019, 2 September, 11 November 2019 and 3 February 2020.

In July 2016 it was agreed that Non-Executive Directors would attend Council of Governors on a rotational basis, prior to this attendance had been on a discretionary basis. Executive Directors attend as appropriate to present specific items. Non-Executive Directors also attend Governors' Working Group (informal) meetings on a rotational basis.

Membership of the Trust

Foundation Trusts have a responsibility to engage with the communities that they service and listen to community views when planning services.

The Trust has two types of membership: public and staff. The Trust encourages people who live within its constituency boundaries to register as public members. Being a member demonstrates support for the hospital and the services it provides and gives the opportunity to share views with the Trust to help it best meet patient needs.

Membership is open to people ages 16+ years who are resident in England. Registration as a member can be via a membership application form, online at www.dchft.nhs.uk, via email to foundation@dchft.nhs.uk, or by phoning 01305 255419.

The Council of Governors has established a Membership Development Committee which meets on a quarterly basis to keep the Membership Development Strategy under review and to oversee membership communications, events and recruitment.

The Trust has maintained a fairly steady level of membership throughout 2019/20 despite efforts by Governors and staff to attract new members. However, membership engagement rather than size is the Trust's key focus, and we continue to keep members informed via the DCH Way newsletter and successful events such as the DCH Summer Spectacular in 2019.

Constituency	2019/20	2018/19
East Dorset	230	239
North Dorset	249	261
South Somerset and the Rest of England	95	95
West Dorset	1,226	1,264
Weymouth and Portland	715	741
Total Public Constituencies	2,515	2,600
Staff	3,865	3,623
Total	6,380	6,223

Auditors

The Trust's audit services from 1 April 2019 to 31 March 2020 were provided as follows:

- Internal Auditors – BDO – the internal audit plan is risk based and is developed annually in conjunction with Executive Directors. The draft plan is then agreed by the Risk and Audit Committee. The plan comprises both financial and clinical quality audit work, in addition to reviews of areas which are considered by Executive Directors and/or Internal Audit to be high risk or of concern.

- External Auditors – KPMG – external auditors prepare and present an annual plan of work to review the financial management and reporting systems of the Trust and provide assurance that the annual accounts and supporting financial systems are operating effectively. Should external auditors be asked to provide non audit services, this has to be in line with the Trust's policy on Engagement of External auditors for Non-Audit Services.

Risk and Audit Committee
The Risk and Audit Committee provides assurance to the board on the effectiveness of the Trust's systems of governance and control across the full range of the Trust's responsibilities. It does this by receiving and testing assurance provided in relation to the establishment and maintenance of effective systems of governance, risk management, finance, counter fraud and internal controls and assures itself regarding the Trust's compliance with regulatory, legal and other requirements. The Risk and Audit Committee's remit encompasses healthcare assurance as well as the more traditional audit areas of finance and corporate governance.

Internal Audit assists the Risk and Audit Committee by providing clear statements of assurance regarding the adequacy and effectiveness of internal control. The Director of Finance and Resources is professionally responsible for implementing systems of internal financial control and is able to advise the Risk and Audit Committee on such matters.

The Risk and Audit Committee reviews the critical accounting judgements and key sources of estimation uncertainty in preparation for completing the financial statements, the key areas identified for 2019/20 were valuation of land and buildings and depreciation of property, plant and equipment.

External Auditors attend the Risk and Audit Committee in order to review the plan of work, review risks and mitigations and provide conclusions. They undertake a formal audit of the Accounts and Annual report on an annual basis. As part of the audit, the Audit Committee considered the following significant audit risks identified by external audit: Management override of controls – valuation of Land and Buildings, Fraudulent recognition of revenue, fraudulent recognition of non-pay expenditure and Management Override of Controls.

At its meeting on 19 May 2020 the Risk and Audit Committee considered the financial statements and agreed that they contained no significant issues that required addressing under the terms of the UK Corporate Governance Code 2018, provision 26.

The committee reviews its performance annually and in line with other Board Committees nominated Governors are invited to attend and observe Risk and Audit Committee meetings.

Arrangements for allowing staff to raise concerns are detailed in the Trust's Whistleblowing Policy which was reviewed during 2018/19 by the Partnership Forum.

Non-Executive Director Attendance at Risk and Audit Committee

Name	Attendance/ Meetings invited to or required to attend
Ian Metcalfe (Chair)	6/6
Sue Atkinson	4/6
Judy Gillow	5/6
Matthew Rose	5/6

Single Oversight Framework

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

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

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

Segmentation

NHS Improvement has placed the Trust in Segment 2 as at 31 March 2020. Segment 2 is Providers offered targeted support.

Finance and Use of Resources

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

Area	Metric	2019/20 scores				2018/19 scores			
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial Sustainability	Capital service capacity	1	3	4	4	4	4	4	4
	Liquidity	4	4	4	4	4	4	4	3
Financial Efficiency	I&E margin	2	4	4	4	4	4	4	4
Financial Controls	Distance from financial plan	1	1	1	1	4	1	1	1
	Agency spend	4	4	4	4	3	3	3	3
Overall Scoring		3	3	3	3	4	3	3	3

Statement of Accounting Officer's Responsibilities

Statement of the Chief Executive's responsibilities as the Accounting Officer of Dorset County Hospital NHS Foundation Trust.

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

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Dorset County Hospital 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 Dorset County Hospital NHS Foundation Trust and of its income and expenditure, other items of comprehensive income total recognised gains and losses and cash flows for the financial year.

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

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

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

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

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

Nick Johnson
Acting Chief Executive
15 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.*

Purpose of the System of Internal Control
The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.
The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Dorset County Hospital 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 Dorset County Hospital NHS Foundation Trust for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

The trust has maintained a robust system of internal control throughout the COVID-19 pandemic incident; revising how it both responded to the operational crisis and ensured that the Board and Council of Governors remained fully briefed on the operational response whilst maintaining oversight of the risks to delivery of strategic priorities and progress in key areas of programmed work where this has been possible.

Capacity to Handle Risk
The Director of Nursing and Quality is the executive lead for risk management and is supported in this by the Head of Risk Management and Quality Assurance. The Trust has a Safety Group, which reviews risks, incidents and Health and Safety matters. It reports by exception to the Quality Committee. The Board and Risk and Audit Committee receive the Corporate Risk Register and the Board Assurance Framework every two months. The Risk Management Framework sets out the Board's requirement that a systematic approach to identify and manage risks is adopted across the Trust and that systems are in place to mitigate those risks where possible. The Framework also stipulates that it is essential that all Trust staff are made aware and have an understanding of the procedures in place to identify, report, assess, monitor and reduce or mitigate risk as far as possible.

The Trust's approach to risk management is pro-active and involves the following:

- identifying sources of potential risk and proactively assessing risk situations, and mitigating those risks as far as possible;
- identifying risk issues through the reporting of serious untoward incidents, adverse incidents, near misses, complaints and claims, and internal and external review reports;
- investigating and analysing the root causes of incidents;
- undertaking aggregated root cause analysis (RCA) which includes consideration of incidents, complaints, claims and Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) data;
- taking action to eliminate or minimise harmful risks;
- monitoring the delivery and effectiveness of actions taken to control risk;
- learning from near misses, risk events, legal claims and complaints and sharing the lessons learned across the organisation;

- Continuation of a 'Learning from Incidents' Panel, which is chaired by the Medical Director and the Director of Nursing and Quality, which provides a positive challenge on root causation, learning and helps to identify notable practice. Learning is shared following each panel meeting via the Chief Executive weekly briefing and cascaded through respective divisions through their local governance and risk groups.

The Trust has adopted a coordinated and holistic approach to risk and does not differentiate the processes applied to clinical and non-clinical issues. Common systems for the reporting, identification, assessment, evaluation and monitoring of risk have been developed within the Trust and apply to all risk issues, regardless of type.

Effective implementation of the strategy facilitates the delivery of a quality service and, alongside staff training and support, provides an improved awareness of the measures needed to prevent, control and contain risk. To achieve this, the trust:

- ensures all staff and stakeholders have access to a copy of the Risk Management Framework;
- produces a register of risks across the Trust which is subject to regular review at Divisional level, by the Senior Management Team, Safety Group, Risk and Audit Committee and the Board;
- communicates to staff any action to be taken in respect of risk issues;
- has developed policies, procedures and guidelines based on the results of assessments and identified risks;
- ensures that training programmes raise and sustain awareness throughout the Trust of the importance of identifying and managing risk;
- ensures that staff have the knowledge, skills, support and access to expert advice necessary to implement the policies, procedures and guidelines associated with the strategy; and
- monitors and reviews the performance of the Trust in relation to the management of risk and the continuing suitability and effectiveness of the systems and processes in place to manage risk.

The Trust has well developed business continuity plans in place and established a 24/7 incident management team in order to respond to the COVID-19 crisis. It has not been necessary for the trust to fully stand up an Incident Control Centre as the Trust's status so far has remained 'AMBER- major incident standby'. Whilst some supply chain difficulties were experienced, the trust has had sufficient protective and other essential equipment and retained capacity to deal with cases and swabbing requirements throughout the incident period to the time of production of this report.

Risk training forms part of the Trust Induction programme for clinical and non-clinical staff. Risk training also form part of the preceptorship and junior doctors training. Specific training in Root Cause Analysis, statement writing and investigations is provided on a bi-monthly basis by the Risk Management team.

The Risk and Control Framework

The Trust acknowledges that all members of staff have an important role to play in identifying, assessing and managing risk. This is achieved, through proactive risk assessment, or reactively, through review of risk events, complaints and legal claims. To support staff in this role, the Trust provides a fair, consistent environment that encourages a culture of openness and willingness to admit mistakes. All staff are encouraged to report when things have, or could have, gone wrong. At the heart of the Trust's Risk Management Framework is the desire to learn from incidents and near misses, complaints and claims, in order to continuously improve management processes and clinical practice. An example of this was the addition of a tether by the manufacturer to a retractor in order to increase its visibility during surgical procedures.

The Trust has in place clear policies and systems for identifying, evaluating and monitoring risk. Trust-wide risk profiling is an on-going process and managers are required to ensure that risk assessment and audit is undertaken within their areas of responsibility is recorded within the trust's incident and risk assessment system and that findings are acted upon and adequately monitored. Audit of the centralised system ensures that managers review assessments as required.

The Trust's Risk Event Reporting Policy requires staff to report all adverse incidents, both actual and potential (near misses), and sets out the methodology and responsibilities for assessing and evaluating the risks. The impact of a risk will dictate at which level of the organisation the risk event is investigated and reported, with the lowest category (green) being managed at a local level and the highest (red) managed at executive level with reports made to the Board and statutory external agencies. The policy is currently under review in light of the national Patient Safety Strategy and proposed changes in process.

Financial Sustainability
The lack of access to care in the community increases the number of delayed transfers of care experienced by the Trust. The work with partner organisations has continued during 2019/20, but is yet to realise a notable reduction in delays.

For 2019/20 both financial sustainability and a growing elective waiting list remain key risks for the Trust. The Trust is also beginning to report risks in respect of medical staffing (ENT, Emergency Department and Gastroenterology).

The Trust recognises that its long term sustainability depends upon the delivery of its strategic objectives and its relationships with its patients, the public and strategic partners. As such, the Trust will not accept risks that materially impact on patient safety. However, the Trust has a greater appetite to take considered risks in terms of their impact on organisational issues. The Trust has a greatest appetite to pursue innovation and challenge current working practices and reputational risk in terms of its willingness to take opportunities where positive gains can be anticipated, with the constraints of the regulatory environment.

Quality
The Director of Nursing and Quality is the executive lead for quality governance, supported by the Medical Director and the Chief Operating Officer. The Board receives a regular Integrated Performance Report in which areas of good practice, issues of concern and performance against quality metrics are reported. The Board also review specific examples of patient feedback both positive and negative at each meeting with a view to ensuring that appropriate action is taken to safeguard quality and the patient experience and that learning and added social value is embedded throughout the organisation.

A Focused inspection by CQC in 2018 updated the Trusts rating to Good overall which highlighted the improvements shown in all areas inspected. There were actions identified for further improvement which formed an action plan and this work was monitored for action, outcomes and assurance. The action plan was reviewed and discussed at the Quality Committee which in turn provided assurance to the board.

All identified actions with one exception (Clinic typing time) were completed and assurance measures were put in place to support and monitor their sustained improvements. Work across the Trust has reduced the clinic letter completion times with initiatives currently being trialled to improve this further and provide sustainability. Clinic typing times is monitored through the Finance and Performance Committee.

The CQC has published their intent to suspend all CQC Inspections during Covid-19. An Emergency Support Framework has been devised nationally which provides a structure for the regular conversations between inspectors and providers and covers the following four areas:

- Safe care and treatment
- Staffing arrangements
- Protection from abuse
- Assurance processes, monitoring, and risk management

The CQC will use the information gathered to monitor risk, identify where providers may need extra support to respond to emerging issues, and ensure safe care is being delivered.

The Trust is able to assure itself of the validity of its Corporate Governance statement; (NHS Foundation Trust Licence Condition 4 requirement) through the following mechanisms that have been deployed during 2019/20

- the Board has maintained a strong emphasis on quality in its meeting agendas to ensure that quality remains the focus of decision making and planning;
- the Board has an executive lead for quality and clear accountability structures are in place for a quality agenda that is integrated into all aspects of the organisation's work;
- the Board carries out visits to wards to meet with staff and patients and gain feedback. Governors also participate assurance visits. These visits were suspended towards the end of the financial year due to the pandemic incident;
- the Board has driven and overseen delivery of the 2019/20 Annual Operational Plan.
- the Board has maintained appropriate oversight of regulatory and inspection regimes including that of NHS Improvement, the Care Quality Commission and the Health Research Authority.
- In line with national guidance and in discussion with NHSI, the trust has strengthened its oversight and governance of the SHMI mortality index, working to deliver the agreed improvement plan throughout the year.

The trust has an established Quality Committee that scrutinises quality governance arrangements and performance in the trust and provides assurance to the Board. The Director of Nursing and Quality and the Medical Director are Executive leads at the Quality Committee which meets on a monthly basis and receives key regulatory and other inspection reports and scrutinises the delivery of associated action plans. The Committee also carries out "deep dive" reviews of any aspects of quality that are causing concern.

Additionally, the Finance and Performance Committee also meets on a monthly basis and the Director of Finance and Resources and the Chief Operating Officer are the Executive leads. Business includes detailed monitoring of appropriate national and local performance targets. Many indicators contain quality components, for example, cancer standards, emergency department indicators, infection control trajectories and numbers of cancelled operations.

During the year, the Board of Directors established a Workforce chaired by a Non-executive Director with the Director of Organisational Development and Workforce identified as the Executive lead. The committee reviews all aspects relating to the workforce including recruitment, development and equality.

The Risk and Audit Committee has responsibility for providing assurances to the Board on the Trust's system of internal control and the Non-Executive Chair is supported by both Internal and External Auditors who undertake an independent review of the trusts key control systems each year. The Director of Finance and Resources is the identified Executive lead.

Key Risks

Risk appetite can be defined as the amount of risk an organisation is prepared to accept in pursuit of its strategic objectives and defines the level of risk an organisation is prepared to tolerate or be exposed to at any point in time. Outlining the strategic risk appetite provides clear leadership direction about the level of acceptable risk and assists in the identification further mitigating actions.

The following risks are recorded within the Board Assurance Framework against the respective strategic objectives of the trust and are risk rated 16 or above:

1. Delivering Outstanding Services Everyday - Not having the appropriate workforce in place to deliver our patient needs;

2. Delivering Outstanding Services Everyday - Not achieving national and constitutional performance and access standards;

3. Joining up our services - Emergency Department admissions continuing to increase per 100,000 population;

4. Joining up our services - Not achieving an integrated community health care hub based on the DCH site;

5. Sustainable, productive, effective and efficient - Failure to secure sufficient funding to ensure financial sustainability;

6. Sustainable, productive, effective and efficient - Not returning to financial sustainability, with an operating surplus of 1% and self-sufficient in terms of cash.

The necessary shift in focus to operational incident management in order to respond to the COVID pandemic has been a national priority for NHS service providers. The Board recognises the potential consequences of this unprecedented change to the way services are provided to the populations that it serves and is actively working to identify risks to patients, staff and the public as the pandemic moves into phase two. The Trust involves its stakeholders in managing risk in the following ways:

- regular reporting to the Council of Governors on quality, finance and performance, with an emphasis on the reporting of risks, current concerns and complaints;

- attendance by Governors at key meetings including the Board of Directors, Quality Committee, Risk and Audit Committee, Workforce Committee and Finance and Performance Committee; and stakeholder attendance at Patient Experience Group which reports to the Quality Committee;

- regular contract meetings with the Trust's principle commissioners to review quality performance against and risks relating to delivery of the contract;

- consulting with its membership on key strategic direction decisions and any proposed major changes in service delivery;

- regular attendance at and presentations as required to the local Overview and Scrutiny Committee meetings;

- joint working with local and regional healthcare providers to shape optimum care pathways and mitigate risks and with other system partners in the development of the Integrated Care System approach;

- membership and wider patient and public engagement strategies.

Well Led

Further to the CQC inspection visits and subsequent report published in November 2018, the Trust achieved a rating of 'Good' overall and for the 'Well Led' element of the inspection. The Trust developed an action plan to ensure on-going maintenance and development which is monitored by the Board of Directors.

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

In line with NHS Improvement /England guidance issued in March 2020; Reducing the Burden, and throughout phase 1 of the COVID pandemic, the trust reviewed it board committee governance arrangements and Terms of Reference for respective committees in order to release executive capacity to manage the incident whilst maintaining governance oversight. Progress in delivering a number of key strategic ambitions for the trust was placed 'on hold' and items not considered within the usual programme of work were recorded for later consideration.

The Board increased the frequency of its meetings and the Board and sub committees considered reduced agendas focussed around the operational implications of the crisis. Meetings were held via teleconference and elections to vacant Governor posts were suspended.

Workforce
As an employer of 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 the 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. Delivery of the Workforce Race Equality Scheme plan for the trust is monitored by the Workforce committee and escalated to the Board and reporting requirements have been satisfied in respect of the Workforce Race Equality Standard, Workforce Disability Equality Standard and the Gender Pay Gap reporting.

Sustainable Development
The Trust has undertaken risk assessments and has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18). The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with through the Finance and Performance Committee.

Register of Interests
All staff within the Trust graded at Band 8a or above are required to declare any interests in line with national guidance, on an annual basis. The Register of Interests is reviewed by the Risk and Audit Committee and published on the trust website.

Review of Economy, Efficiency and Effectiveness of the Use of Resources
The Trust produces detailed annual plans reflecting its service and operational requirements and its financial targets in respect of income, expenditure and capital investments. The plan incorporates the Trust's plan for improving productivity and efficiency in order to minimise income losses, meet the national efficiency targets applied to all NHS providers and fund local investment proposals. Financial plans are approved by the Board, having been previously assessed by the Finance and Performance Committee.

The in-year resource utilisation is monitored by the Board and its committees via detailed reports covering finance, activity, capacity, workforce management and risk.

The Board is provided with assurance on the use of resources through a regular Integrated Performance Report. The Finance and Performance Committee also undertakes a detailed review on a monthly basis. External auditors review the use of resources each year as part of the annual audit programme. Internal audit resources are directed to areas where risk is attached or where issues have been identified. Any concerns on the economy, efficiency and effectiveness of the use of resources are well monitored and addressed in a timely and appropriate manner.

Information Governance
The Trust operates under the guidelines and legislation which govern Information Governance within the NHS and have embedded the processes necessary to meet the standards required. Our Information Risk Management Policy and Risk Management structure is owned by the Trust's Senior Information Risk Owner and reviewed via the Information Governance Committee, alongside Information Asset Assurance Reports from the Trust's Information Asset Owners and a rolling overview of all Information Security and Information Governance incidents at each bi-monthly meeting. The Trust's Information Risk Policy is aligned with the Trust's Information Security Policy, which details the security arrangements, is in place for systems and devices.

The Trust reported one serious incident during the 2019/120 to the Office of the Information Commissioner and NHS Digital regarding the loss of access to a number of electronic patient records within the Lung Function services and lost appointments arising from a systems failure. Alternative

arrangements were established to restore access to the records and no information has been lost. The Risk and Audit Committee maintains oversight Information Governance.

The Trust currently has a Data Security and Protection (DSP) Toolkit status of 'Standards not fully met (plan agreed)'.

The Trust provided an updated improvement plan in February showing progress made and planned further action completion dates and NHS Digital has agreed an extension of the DSP Toolkit submission deadline from March 2020 for a further six months. The Trust undertook an internal audit of the DSP Toolkit in November 2019 and the trust IT Department has ISO27001 IT Security accreditation..

Data Quality
The Board is actively engaged in quality improvement and is assured that quality governance is subject to rigorous challenge through Non-Executive Director engagement and Chairmanship of the key board Committees.

The revised Information Strategy recognises data quality as one of the five core elements of the Information Maturity Model. As the trust becomes increasingly paper light, information plays an integral part of the processes to deliver effective and timely healthcare across the organisation. Therefore, excellent data quality is pivotal in order to ensure that the data from different systems can be seamlessly joined together and provided to healthcare professionals in a timely, secure and accurate manner. Specific actions have been taken to strengthen the existing processes around data quality over the last few months, building on the data quality processes and procedures that have been in place for some time the Trust. Current processes and procedures as well as recent initiatives to improve data quality include the following:

- **Information Assurance:** The Data Quality Management Group has provided a robust mechanism to monitor and control data quality measures for the clinical Information Systems. This group has been re-formed into an Information Assurance Group that will extend data quality assurance to cover all aspects of data quality within the Trust including the data items reported on the Trust dashboards. In addition a new Information Assurance Manager post has been created as part of the clinical systems restructure. This post will report to the Information Assurance Group and will work with divisional and change management teams to educate, reinforce and monitor data quality and information management processes across the Trust for all patient based applications.

- **Governance.** Governance improvements around the Information Assurance Group have been made in order to allow other Groups such as the Clinical Coding Task and Finish Group and the Digital Portfolio Group to escalate all data quality issues to Information Assurance Group. Finally, bi- monthly highlight reports to Digital Portfolio Group will provide appropriate visibility on any major data quality issues.

- **Information Dashboards.** The performance dashboards have been reviewed frequently and appropriate improvements have been implemented.

- **Ownership.** Improving ownership of data quality issues is a long term objective of the Information Strategy. The Information Assurance Group with its new governance structure ensures ownership and responsibilities are agreed and supported at executive level and cascaded through divisional directors and managers who hold staff accountable. The two Divisional Information Analysts will be expected to work closely with the senior divisional management and clinical teams to identify and resolve any data quality issues that might arise.

- **Regular audit and external assurance**. Audits and in-depth analysis of data quality are conducted in a number of areas, including: mortality; specialist clinical coding areas (on a

regular, randomly selected basis as per national best practice recommendations); in additional to departmental clinical audits. Key issues will be discussed at the Information Assurance Group to ensure a culture of continuous improvement on data quality. We have undertaken an interim review on our ISO27001 accreditation and retained the high standard for the Digital department. We have continued to drive up our information security standard and have achieved the DSB1596 accreditation for NHS secure email.

- **Information Systems**. As more information is captured in our information systems and business processes change accordingly, it is important to understand the data quality implications from any systems change. The Information Assurance Group has been working closely with the system managers and the key business users to address any data quality issues. Of particular note has been the DCH contribution to the Dorset Care Record in sharing core clinical information with health and social care partners in Dorset. We now have greater visibility to data quality reporting across partner organisations which has shown good performance for DCH particularly with regard to accuracy of NHS numbers which is the key patient identifier in bringing records together from different care settings across Dorset. Where data quality issues are identified they are rectified quickly with feedback to users of source systems to reinforce importance of accuracy and completeness in recording of patient data.

Quality Account
Production of the Quality Report 2019/20 has been postponed until later in the year and will not be subject to external audit due to the COVID-19 pandemic. A recent amendment arsing from *The National Health Service (Quality Accounts) (Amendment) (Coronavirus) Regulations 2020* and guidance from NHS Improvement indicates that the Quality Account should be available for stakeholders by October 2020 and be finalised and published by 15th December 2020. The Trust is working to these new deadlines.

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

The Trust continually seeks to improve the effectiveness of its systems of internal control and put action plans in place to meet any identified shortfalls. The Board agenda concludes with a reflection session on the conduct of each board meeting. Self-assessments of effectiveness have also been postponed however due to the COVID-19 pandemic and are planned to take place later in 2020. Trust Board meetings are open to members of the public and Board Committees are attended by nominated governor observers. The Board reporting cycle ensures that the Board receives regular reports from its Committees, operational reports from Executives, the Assurance Framework and Risk Register bimonthly and planned reports on business and other operational issues.

The governance structure is as follows:

The Board: The powers reserved to the Board are, broadly, regulation and control; strategy; business plans and budgets; risk management; financial performance and reporting and audit arrangements.

Risk and Audit Committee: Provides assurance to the Board as to the effectiveness of the Trust's systems of governance and control across the full range of the Trust's responsibilities. It reviewed the establishment and maintenance of an effective system of integrated governance, risk management,

finance, counter fraud, security management, and internal control across the whole of the organisation's activities, both clinical and non-clinical. It utilises the assurance framework, risk register, internal and external audit reports, the work of the Quality Committee and the ability to question the Chief Executive regarding the Annual Governance Statement to support its work.

Finance and Performance Committee: Provides assurance to the board and does not remove the requirement for the Board to monitor financial, operational and workforce performance. The Committee provides scrutiny and makes recommendations to the Board to assist in decision making. Specific areas scrutinised by the Finance and Performance Committee include financial planning, operational performance, workforce, business case assessments and the delivery of efficiency and cost improvement programmes. The Finance and Performance Committee is able to approve business cases within delegated limits.

Quality Committee: provides assurance that the Trust has an effective framework within which it can work to improve and assure the quality and safety of services it provides in a timely, cost effective way. The committee assesses, reviews and monitors performance, including safer staffing and mortality data which is then published on the trust's website, internal control, external validation and assessment, the annual quality report and plans and national guidance and policy.

Workforce Committee: The purpose of the Committee is to be responsible for the consideration of matters relating to Workforce Planning and development, efficiency, human resources policy and the Trust's People Strategy. It also has responsibility for leadership development and talent management; workforce planning and forecasting; recruitment and retention; education and training; people policies, processes and systems; diversity and inclusion and health and wellbeing. The committee ensures that workforce strategies and staffing systems are in place that assure the Board that staffing processes are safe, sustainable and effective.

The Committee acts as a means of internal assurance for compliance against the Care Quality Commission's fundamental standards of quality and safety and safe, caring, effective and well-led domains.

My view is further informed by:

- Opinions and reports by Internal Audit, who work to a risk based annual plan. The Head of Internal Audit Opinion for 2019/20 was as follows: "Overall, we are able to provide moderate assurance that there is a sound system of internal control, designed to meet the Trust's objectives and that controls are being applied consistently".
- Opinion and reports from the Trust's External Auditors
- Monthly reports to NHS Improvement
- Full compliance with the Care Quality Commission essential standard for quality and safety for all regulated activities across all locations
- Results of patient and staff surveys
- Investigation reports and action plans following serious incidents
- Council of Governors Assessment Team Reports
- Clinical audit reports

Conclusion
No significant internal control issues have been identified for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

Nick Johnson
Acting Chief Executive
15 June 2020

The Accountability Report was approved by the Board of Directors on 19 May 2020 and signed on its behalf by

Nick Johnson
Acting Chief Executive
15 June 2020

Independent auditor's report

to the Council of Governors of Dorset County Hospital NHS Foundation Trust

. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Our opinion is unmodified

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

In our opinion:

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

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

Basis for opinion

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

Overview		
Materiality: Group financial statements as a whole	£3.8 million (2019:£3.6 million) 1.8% (2019: 2%) of income from operations	
Risks of material misstatement		**vs 2019**
Recurring risks	Valuation of land and buildings	◄►
	Recognition of NHS and non-NHS Income	◄►
	Recognition of Non-Pay and Non-Depreciation Expenditure	◄►

Key

◄► Risk level unchanged from prior year

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

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

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

Significant Risk	Description	Our response
Valuation of Land and Buildings £74.8 million; 2019: £75.8 million) *Refer to page 73 of the Annual Report (Audit Committee Report), page 103 of the consolidated financial statements (accounting policy) and page 122 of the consolidated financial statements (financial disclosures)*	**Subjective valuation** Land and buildings are required to be held at current value. As hospital buildings are specialised assets and there is not an active market for them they are usually valued on the basis of the cost to replace them with an equivalent asset. 93% of the Groups land and buildings related to specialised assets. When considering the cost to build a replacement asset the Group may consider whether the asset would be built to the same specification or in the same location. Assumptions about changes to the asset must be realistic. Valuations are completed by an external expert, engaged by the Group using construction indices and so accurate records of the current estate are required. Full valuations are completed every five years, with interim desktop valuations completed in interim periods. The Group last had a full valuation undertaken at 31 March 2019 by an external valuer. Between full valuations the Group carries out an annual review to determine whether there are indications of impairment of assets due to reductions in market value, the clear consumption of economic benefits or a reduction in service potential. At 31 March 2020, the Group completed a review of the valuation of the estate, based on indices supplied by an external valuer, to determine if asset values had changed significantly. As the movement in asset valuation was not deemed significant, no changes have been made in accordance with the DHSC Group Accounting Manual. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of land and buildings has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. **Disclosure of Sensitivity** Following RICS published guidance issued to the profession, material uncertainty clauses have been noted within valuation reports due to the impact of Covid-19. Appropriate disclosure will be required to note the uncertainty and the sensitivity of the estimates and judgements applied in the valuation of land and buildings. The financial statements (note 1.1) disclose the sensitivity estimated by the Trust.	Our procedures included: — **Assessing valuer's credentials:** We considered the scope, qualifications and experience of the valuer, to identify whether the valuer was appropriately experienced and qualified to provide relevant indices; — **Benchmarking assumptions**: We critically assessed the assumptions used within the valuation by assessing the assumptions used to derive the carrying value of assets against BCIS all in tender price index and industry norms; — **Test of details:** We undertook the following tests of details: — We considered the carrying value of the land and buildings, including any material movements from the previous revaluations; — We tested the completeness of the estate covered by the valuation to the Group's underlying estate records, including additions to land and buildings during the year; — We re-performed the gain or loss on revaluation for all applicable assets and assessed whether the accounting entries were consistent with the DHSC Group Accounting Manual; and — For a sample of assets added during the year we agreed that an appropriate valuation basis had been adopted when they became operational and that the Group would receive future benefits. — **Assessing transparency:** We assessed the completeness and accuracy of the matters covered in the valuations disclosure, including the group's disclosures of the sensitivity of the valuation. **Our results:** — From the evidence obtained, we considered the valuation of land and buildings and related disclosure to be acceptable.

Significant Risk	Description	Our response
Recognition of NHS and non-NHS income £209.3 million; 2019: £184.8 million) *Refer to page 73 of the Annual Report (Audit Committee Report), page 102 of the consolidated financial statements (accounting policy) and page 112 of the consolidated financial statements (financial disclosures)*	**Effects of Irregularities** Of the Groups reported total income, £198.5 million (2019: £178.7 million) came from commissioners (Clinical Commissioning Trusts (CCG), other NHS Bodies and NHS England). Income from CCGs, other NHS Bodies and NHS England make up 95% of the Trust's income. The majority of this income is contracted on an annual basis, however actual income is based on completing actual levels of activity completed during the year. An agreement of balances exercise is undertaken between all NHS bodies to agree the value of transactions during the year and the amounts owed at the year end. 'Mismatch' reports are produced setting out discrepancies between the submitted balances and transactions between each party, with variances over £300,000 being required to be reported to the National Audit Office to inform the audit of the DHSC consolidated accounts. The Group reported total other income of £27.8 million (2019: £23.8 million) from other activities principally, education and training and non-patient care services. Much of this income is generated by contracts with other NHS and non-NHS bodies which are based on achieving financial targets, varied payment terms, including payment on delivery, milestone payments and periodic payments. The amount also includes £9.3 million (2019: £6.1 million) of provider sustainability fund, financial recovery fund and marginal rate emergency tariff funding received from NHS Improvement. This is received subject to achieving defined financial and operational targets on a quarterly basis. As such there is a fraudulent risk of revenue recognition over both NHS and Non-NHS income.	Our procedures included: — **Control observations:** We tested the design and implementation of process level controls over revenue recognition; — **Test of details:** We undertook the following tests of details: — We agreed commissioner income to the signed contracts and selected a sample of the largest balances (comprising 95% of income from patient care activities) to the supporting invoice and payments to the bank receipts; — We inspected invoices for material income in the month prior to and following 31 March 2020 to determine whether income was recognised in the correct accounting period, in accordance with the amounts billed to corresponding parties; — We inspected confirmations of balances provided by the Department of Health as part of the AoB exercise and compared the relevant income recorded in the Group's financial statements to the expenditure balances recorded within the accounts of Commissioners. Where applicable, we investigated variances and reviewed relevant correspondence to assess the reasonableness of the Group's approach to recognising income; — We assessed the judgements in relation to the receipt of the transformation funding recorded in the financial statements as part of the Trust's performance against the required targets to confirm eligibility for the income and agreed bonus amounts to correspondence from NHSI; and — We tested material other income balances by agreeing a sample of income transactions through to supporting documentation and/or cash receipts. **Our results:** — The results of our testing were satisfactory and we considered the amount of NHS and non-NHS income recognised to be acceptable.

Significant Risk	Description	Our response
Recognition of non-pay and non-depreciation expenditure (£67.9 million; 2019: £66.4 million) *Refer to page 73 of the Annual Report (Audit Committee Report), page 103 of the consolidated financial statements (accounting policy) and page 115 of the consolidated financial statements (financial disclosures)*	**Effects of Irregularities** As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure recognition may be greater than the risk of fraud related to revenue recognition. There is a risk that the Trust may manipulate expenditure to meet externally set targets and we had regard to this when planning and performing our audit procedures. The incentives for fraudulent expenditure recognition relate to achieving financial targets and the key risks relate to the manipulation of recognition of non-pay and non-depreciation expenditure at the year-end. There may therefore be an incentive to defer non-pay and non-depreciation expenditure or recognise commitments at a reduced value in order to achieve financial targets.	Our procedures included: — **Control observations:** We tested the design and implementation of process level controls over expenditure approval; — **Test of details:** We undertook the following tests of details: — We agreed a specific item sample of non pay expenditure transactions to supporting evidence and cash; — We inspected invoices for material expenditure in the month prior to and following 31 March 2020 to determine whether expenditure was recognised in the correct accounting period relevant to when services were delivered; — We assessed the completeness and judgements made within the expenditure balance, specifically accrued expenditure, through comparison to historical performance; and — We inspected confirmations of balances provided by the Department of Health as part of the AoB exercise and compared the relevant payables recorded in the Group's financial statements to the receivables balances recorded within the accounts of other providers and other bodies within the AoB boundary. Where applicable, we investigated variances and reviewed relevant correspondence to assess the reasonableness of the Group's approach to recognising expenditure with other providers and other bodies within the AoB boundary. **Our results:** — The results of our testing were satisfactory and we considered the amount of non-pay expenditure recognised to be acceptable.

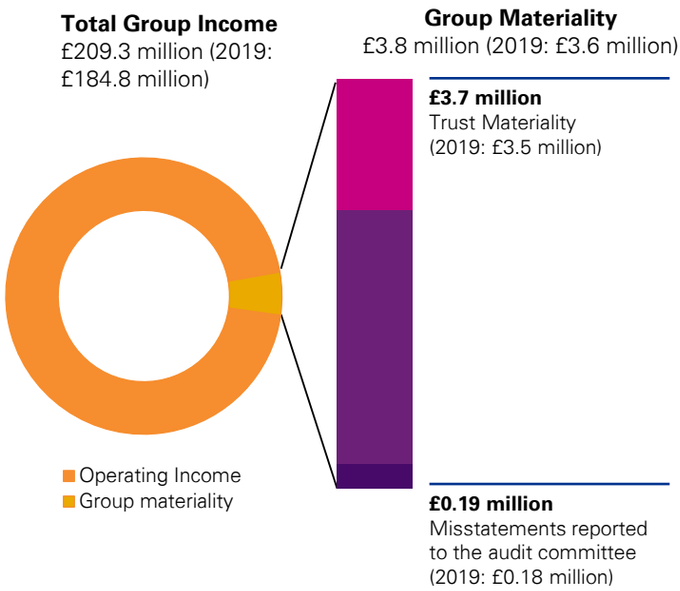
3. Our application of materiality

Materiality for the Group financial statements as a whole was set at £3.8 million (2019: £3.6 million), determined with reference to a benchmark of operating income (of which it represents approximately 1.8% (2019: 2%)). We consider operating income to be more stable than a surplus- or deficit-related benchmark.

Materiality for the parent Trust's financial statements as a whole was set at £3.7 million (2019: £3.5 million), determined with reference to a benchmark of operating income (of which it represents approximately 1.8% (2019: 1.9%)).

We agreed to report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £190,000 (2019: £180,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's two reporting components, we subjected both to full scope audits for group purposes.



4. We have nothing to report on going concern

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

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

In our evaluation of the Accounting Officer's conclusions, we considered the inherent risks to the Group's and Trust's business model and analysed how those risks might affect the Group's and Trust's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Group's and Trust's available financial resources over this period was the availability and extent of temporary revenue and capital support from DHSC to enable them to meet their liabilities. This is in the context of changes to the cash and capital regime published by DHSC in April 2020 alongside revised arrangements for NHS contracting and payment applicable for part of the 2020/21 financial year and published in March and May 2020.

As these were risks that could potentially cast significant doubt on the Group's and Trust's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's and Trust's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Accounting Officer consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit.

Based on this work, we are required to report to you if we have anything material to add or draw attention to in relation to the Accounting Officers statement in Note 1.29 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Trust's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

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

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

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

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

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

Remuneration report

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

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Corporate governance disclosures

We are required to report to you if:

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

We have nothing to report in these respect.

6. Respective responsibilities

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 77, the Accounting Officer is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Group and parent Trust without the transfer of their services to another public sector entity.

Auditor's responsibilities

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

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

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

We have nothing to report on the statutory reporting matters

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

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

We have nothing to report in these respects.

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

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

We have nothing to report in this respect.

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

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the Group had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice and related guidance. Based on our risk assessment, we undertook such work as we considered necessary.

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

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

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

The significant risks identified during our risk assessment are set out overleaf together with the findings from the work we carried out on each area.

Significant Risk	Description	Work carried out and judgements
Financial Sustainability	Whilst the context of the financial challenges within the NHS is noted, the historical deficit position achieved by the Group presents a significant risk to our assessment of the adequacy of arrangements in place at the Group specifically in relation to planning finances effectively. The initial plans for the financial year noted the Group would achieve a breakeven position, and planned to rely on DHSC loans to support the cash position in the coming year.	**Our work included:** — Considering the nature of cash support the Group is receiving from NHSI and its performance against any conditions attached to the support. — Assessing the Group's arrangements for managing working capital, including the processes for forecasting and monitoring cash flows and delivering cash savings. — Considering the arrangements in place to deliver recurrent cost improvements by assessing the Group CIP delivery against the planned CIP target and the use of recurrent and non-recurrent savings. — Comparing the Group use of agency staff against the agency cap set by NHS Improvement. — Evaluating the Group position as at 31 March 2020 against the forecast position and considering the future financial plans to assess the ongoing financial sustainability. **Our findings on this risk area:** — As at 31 March 2020 the Group has reported a £0.2 million surplus against a planned breakeven position. The Group was able to achieve the position through agreeing a £2.5 million non-recurrent support for over performance with NHS Dorset CCG. Through achievement of the agreed financial target with NHS I, the Group also received £9.3 million of provider sustainability fund, financial recovery fund and marginal rate emergency tariff funding. — The Group delivered £5.7 million of the £7.1 million Cost Improvement Plans for 2019/20, of which £3.8 million are recurrent savings. — The Group has incurred £7.8 million of agency expenditure against an agreed agency cap of £2.9 million. We have nothing to report in this respect.

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

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

CERTIFICATE OF COMPLETION OF THE AUDIT

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

Rees Batley

Rees Batley
for and on behalf of KPMG LLP (Statutory Auditor)

Chartered Accountants
66 Queen Square,
Bristol, BS1 4BE
15 June 2020

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Foreword to the Accounts

These accounts for the year ended 31st March 2020 have been prepared by Dorset County Hospital NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006 and comply with the annual reporting guidance for NHS Foundation Trusts within the Department of Health and Social Care Group Accounting Manual 2019/20.

Dorset County Hospital NHS Foundation Trust's Annual Report and Accounts are presented to Parliament pursuant to Schedule 7, paragraph 25(4) (a) of the National Health Service Act 2006.

Nick Johnson
Acting Chief Executive
15 June 2020

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

		Group		Trust	
		2019/20	2018/19	**2019/20**	2018/19
	Note	**£000**	£000	**£000**	£000
Operating income from patient care activities	3	181,499	161,027	181,499	161,027
Other operating income	4	27,844	23,793	27,936	24,136
Operating expenses	5	(207,030)	(191,079)	(207,233)	(191,527)
Operating surplus/(deficit)		**2,313**	**(6,259)**	**2,202**	**(6,364)**
Finance costs:					
Finance income	10	114	84	113	83
Finance expenses	11	(168)	(138)	(168)	(138)
PDC dividends charge		(1,983)	(2,277)	(1,983)	(2,277)
Net finance costs		**(2,037)**	**(2,331)**	**(2,038)**	**(2,332)**
Losses on disposal of assets	12	(50)	(14)	(50)	(14)
Corporation tax expense		(21)	(20)	-	-
Surplus/(Deficit) for the year		**205**	**(8,624)**	**114**	**(8,710)**
Other comprehensive income					
Will not be reclassified to income and expenditure:					
Impairment of property, plant and equipment	13	-	(6,834)	-	(6,834)
Revaluation gains on property, plant & equipment		-	301	-	301
Total comprehensive income/(expense) for the year		**205**	**(15,157)**	**114**	**(15,243)**

The notes on pages 100 to 135 form part of these accounts.

Statement of Financial Position as at 31st March 2020

		Group		Trust	
		31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	Note	**£000**	£000	**£000**	£000
Non-current assets					
Intangible assets	14	5,455	5,216	5,455	5,216
Property, plant and equipment	15.4	90,102	88,444	90,097	88,437
Trade and other receivables	18.1	817	251	817	251
Total non-current assets		**96,374**	**93,911**	**96,369**	**93,904**
Current assets					
Inventories	17	2,992	3,028	2,783	2,854
Trade and other receivables	18.1	10,714	9,075	10,631	9,035
Cash and cash equivalents	19	7,335	3,536	7,310	3,448
Total current assets		**21,041**	**15,639**	**20,724**	**15,337**
Current liabilities					
Trade and other payables	20	(25,461)	(20,024)	(25,316)	(19,801)
Borrowings	21	(262)	(236)	(262)	(236)
Provisions	22	(50)	(50)	(50)	(50)
Other liabilities	23	(1,802)	(1,691)	(1,802)	(1,691)
Total current liabilities		**(27,575)**	**(22,001)**	**(27,430)**	**(21,778)**
Total assets less current liabilities		**89,840**	**87,549**	**89,663**	**87,463**
Non-current liabilities					
Borrowings	21	(7,095)	(7,230)	(7,095)	(7,230)
Provisions	22	(730)	(237)	(730)	(237)
Total non-current liabilities		**(7,825)**	**(7,467)**	**(7,825)**	**(7,467)**
Total assets employed		**82,015**	**80,082**	**81,838**	**79,996**
Financed by taxpayers' equity:					
Public dividend capital		87,782	86,054	87,782	86,054
Revaluation reserve		25,983	25,984	25,983	25,984
Income and expenditure reserve		(31,750)	(31,956)	(31,927)	(32,042)
Total taxpayers' equity:		**82,015**	**80,082**	**81,838**	**79,996**

The financial statements on pages 96 to 135 were approved by the Board on 19 May 2020 and signed on its behalf by:

Nick Johnson
Acting Chief Executive
15 June 2020

Statement of Changes in Taxpayers' Equity

Group	Total	Public Dividend Capital (PDC)	Revaluation Reserve	Income and Expenditure Reserve
	£000	£000	£000	£000
Taxpayers' equity at 1 April 2019	**80,082**	**86,054**	**25,984**	**(31,956)**
Deficit for the year	**205**	-	-	205
Transfers between reserves	**-**	-	(1)	1
Public Dividend Capital	**1,728**	1,728	-	-
Taxpayers' equity at 31 March 2020	**82,015**	**87,782**	**25,983**	**(31,750)**
Taxpayers' equity at 1 April 2018	**94,502**	85,317	32,519	(23,334)
Surplus for the year	**(8,624)**	-	-	(8,624)
Transfers between reserves	**-**	-	(2)	2
Impairment losses on property, plant and equipment	**(6,834)**	-	(6,834)	-
Net gain on revaluation of property, plant and equipment	**301**	-	301	-
Public Dividend Capital	**737**	737	-	-
Taxpayers' equity at 31 March 2019	**80,082**	**86,054**	**25,984**	**(31,956)**

Trust	Total	Public Dividend Capital (PDC)	Revaluation Reserve	Income and Expenditure Reserve
	£000	£000	£000	£000
Taxpayers' equity at 1 April 2019	**79,996**	**86,054**	**25,984**	**(32,042)**
Deficit for the year	**114**	-	-	114
Transfers between reserves	**-**	-	(1)	1
Public Dividend Capital	**1,728**	1,728	-	-
Taxpayers' equity at 31 March 2020	**81,838**	**87,782**	**25,983**	**(31,927)**
Taxpayers' equity at 1 April 2018	**94,502**	85,317	32,519	(23,334)
Surplus for the year	**(8,710)**	-	-	(8,710)
Transfers between reserves	**-**	-	(2)	2
Impairment losses on property, plant and equipment	**(6,834)**	-	(6,834)	-
Net gain on revaluation of property, plant and equipment	**301**	-	301	-
Public Dividend Capital	**737**	737	-	-
Taxpayers' equity at 31 March 2019	**79,996**	**86,054**	**25,984**	**(32,042)**

The Revaluation Reserve consists of £25,983k (£25,984k at 31 March 2019) relating to property, plant and equipment.

Statement of Cash Flows for the year ended 31st March 2020

	Group		Trust	
	2019/20	2018/19	**2019/20**	2018/19
	£000	£000	**£000**	£000
Cash flows from operating activities				
Operating surplus/(deficit)	2,313	(6,259)	2,202	(6,364)
Depreciation and amortisation	5,280	5,261	5,279	5,260
Impairments and reversals	-	2,895	-	2,895
Income recognised in respect of capital donations (cash and non-cash)	(206)	(581)	(206)	(581)
(Increase)/decrease in trade and other receivables	(2,395)	2,874	(2,353)	2,914
Decrease/(Increase) in inventories	36	(9)	70	165
Increase in trade and other payables	5,143	4,052	5,224	3,849
Increase in other liabilities	111	261	111	261
Increase/(decrease) in provisions	492	(30)	492	(30)
Corporation tax paid	(19)	-	-	-
Net cash generated from operations	**10,755**	**8,464**	**10,819**	**8,369**
Cash flows from investing activities				
Interest received	116	81	115	80
Purchase of intangible assets	(824)	(702)	(824)	(702)
Purchase of property, plant and equipment	(6,116)	(5,473)	(6,116)	(5,473)
Sales of property, plant and equipment	10	16	10	24
Receipt of cash donations to purchase capital assets	201	555	201	555
Net cash used in investing activities	**(6,613)**	**(5,523)**	**(6,614)**	**(5,516)**
Cash flows from financing activities				
Public dividend capital received	1,728	737	1,728	737
Capital element of finance lease obligations	(119)	(92)	(119)	(92)
Interest Paid	(98)	(97)	(98)	(97)
Interest element of finance lease obligations	(59)	(9)	(59)	(9)
PDC dividends paid	(1,795)	(2,437)	(1,795)	(2,437)
Net cash used in financing activities	**(343)**	**(1,898)**	**(343)**	**(1,898)**
Increase in cash and cash equivalents	**3,799**	**1,043**	**3,862**	**955**
Cash and cash equivalents at 1 April	3,536	2,493	3,448	2,493
Cash and cash equivalents at 31 March	**7,335**	**3,536**	**7,310**	**3,448**

Notes to the Financial Statements

1 Accounting policies and other information

NHS Improvement, in exercising the statutory functions conferred on Monitor, is responsible for issuing an accounts direction to NHS Foundation Trusts under the NHS Act 2006. NHS Improvement has directed that the financial statements of NHS Foundation Trusts shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (DHSC GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the DHSC GAM 2019/20 issued by the DHSC. 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 DHSC GAM permits a choice of accounting policy, the accounting policy that is judged to be the 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.

The accounting policies 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.

1.1 Critical accounting judgements and key sources of estimation uncertainty

In the preparation of the financial statements, the Trust is required to make estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets and liabilities. These estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes may differ from prior estimates and the estimates and underlying assumptions are continually reviewed.

The key sources of estimation uncertainty which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are:

Valuation of land and buildings
Land and buildings are included in the Trust's statement of financial position at current value in existing use. The assessment of current value represents a key source of uncertainty. The Trust uses an external professional valuer to determine current value in existing use, using modern equivalent asset value methodology and market value for existing use for non-specialised buildings.

The Trust has assessed the change in Building Cost Information Service (BCIS) indices, from the last full land and buildings valuation undertaken by Avison Young (external valuers) as at 31 March 2019 as set out in accounting policy note 1.6.2. It is not deemed to be significant and the Trust has not obtained an external valuation in 2019/20.

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

A 5% change in the valuation would have £3.7 million impact on the statement of financial position with a £0.06 million impact on the PDC dividend due to be paid next year and accrued in these financial statements.

Of the £74.8 million net book value of land and buildings subject to valuation, £69.2 million relates to specialised assets valued on a depreciated replacement cost basis. Here the valuer bases their assessment on the cost to the Trust of replacing the service potential of the assets. The uncertainty explained above relates to the estimated cost of replacing the service potential, rather than the extent of the service potential to be replaced.

It is possible that the COVID-19 pandemic will affect the Trust's future assessment of what would be required in a modern equivalent asset, but as yet there is insufficient information to indicate what the impact of this will be.

Depreciation of property, plant and equipment and amortisation of computer software
The Trust exercises judgement to determine the useful lives and residual values of property, plant and equipment and computer software. Depreciation and amortisation is provided so as to write down the value of these assets to their residual value over their estimated useful lives.

1.2 Consolidation

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

Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the Trust (including where they report under UK FRS 102) or where the subsidiary's accounting date is not coterminous. The amounts consolidated are drawn from the financial statements of DCH SubCo Ltd. Intra-entity balances, transactions and gains/losses are eliminated in full on consolidation.

The Trust wholly owns DCH SubCo Ltd which forms part of the consolidated accounts. DCH SubCo Ltd provides outpatient pharmacy services. Its turnover for the year ended 31st March 2020 was £3.841m and its gross assets at 31 March 2020 totalled £0.7m.

The Trust has established that, as it is the corporate trustee of Dorset County Hospital NHS Foundation Trust Charitable Fund, it effectively has the power to exercise control of this charity so as to obtain economic benefits. However the assets, liabilities and transactions are immaterial in the context of the Trust and therefore it has not been consolidated. Details of balances and transactions between the Trust and the charity are included in the related parties' notes.

1.2.2 Joint Ventures
Arrangements over which the Trust has joint control with one or more other entities are classified as joint arrangements. Joint control is the contractually agreed sharing of control of an arrangement. A joint arrangement is either a joint operation or a joint venture.

Joint operations are arrangements in which the Trust has joint control with one or more other parties and has the rights to the assets, and obligations for the liabilities relating to the arrangement. The Trust includes within its financial statements its share of the assets, liabilities, income and expenses.

Joint ventures are arrangements in which the Trust has joint control with one or more other parties, and where it has the rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method.

The Trust has one joint venture DCH Estates Partnership LLP OC418519, which is a commercial partnership with Partnering Solutions (Dorset) Ltd (Interserve Prime) creating a Strategic Estates Partnership. No assets or transactions have taken place during 2019/20.

1.3 Income

The main source of income for the Trust is contracts with commissioners for health care services. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the commissioner, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard(IFRS 15) entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer. At the year end, the Trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete.

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

The Trust receives income from commissioners under Commissioning for Quality and Innovation (CQUIN) schemes. The Trust agrees schemes with its commissioner but they affect how care is provided to patients. That is, the CQUIN payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the contract.

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

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

The PSF and FRF enables providers to earn income linked to the achievement of financial controls and performance targets. Income earned from the funds is accounted for as variable consideration.

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.

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider from the Trust's Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

1.4 Expenditure on employee benefits

1.4.1 Short-term employee benefits

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

1.4.2 Pension costs

Payments to defined contribution pension schemes (including defined benefit schemes that are accounted for as if they were a defined contribution scheme) are recognised as an expense as they fall due.

NHS Pension Scheme: Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

Employer's 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 are charged to operating expenses at the time the Trust commits itself to the retirement regardless of the method of payment.

The schemes are subject to a full actuarial valuation every four years and an accounting valuation every year.

The Foundation Trust does not have any employees that are members of the Local Government Superannuation Scheme and therefore, does not pay employer contributions into this scheme.

1.4.3 Termination Benefits

Staff termination benefits are provided for in full when there is a detailed formal termination plan and there is no realistic possibility of withdrawal by either party.

1.5 Expenditure on other goods and services

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

1.6 Property, plant and equipment

1.6.1 Recognition

Property, plant and equipment is capitalised if:

- 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 will be supplied to, the Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- individually it cost at least £5,000; or
- collectively has a cost of at least £5,000 and individually a cost of more than £250;
- the assets are functionally interdependent, with broadly simultaneous purchase dates, which are anticipated to have simultaneous disposal dates and are under single managerial control; or
- items form part of the initial equipping and setting-up cost of a new building, or refurbishment of a 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. hospital wings, then these components are treated as separate assets and depreciated over their own useful economic lives (UEL).

The component parts of each significant Trust building are depreciated as a group, as permitted by IAS 16, unless a component has a significantly different UEL and is deemed by the Trust to be significant, in which case it is depreciated separately over its own economic useful life.

1.6.2 Measurement

Valuation: All property, plant and equipment are measured initially at cost, representing the cost 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. All assets are measured subsequently at valuation.

Land and buildings used for the Trust's services or for administrative purposes are stated in the statement of financial position at their re-valued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Fair values are determined as follows:

- Non-specialised buildings – market value for existing use
- land and specialised buildings – Modern equivalent asset value

All land and buildings are revalued using professional valuations in accordance with accounting standard IAS 16 Property, Plant and Equipment every five years. A three year interim valuation is also carried out. Additional valuations are performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period.

Professional valuations are carried out by the Trust's external valuer (Avison Young). The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (ICS) Appraisal and Valuation Manual.

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

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are re-valued and depreciation commences when they are brought into use.

Until 31st March 2008, fixtures and equipment were carried at replacement cost, as assessed by indexation and depreciation of historic cost. Indexation ceased from 1st April 2008. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

An item of property, plant and equipment, which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5.

The last full valuation survey was assessed by the valuer of Avison Young at 31st March 2019.

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

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 DHSC GAM, impairments that arise from a clear consumption 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) impairment charged to operating expenses; (ii) the balance in the revaluation reserve attributable to that asset before impairment.

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

Other impairments are treated as revaluation losses. Reversals of other impairments are treated as revaluation gains.

1.6.3 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 the future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the 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

1.7 Intangible assets

1.7.1 Recognition

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

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

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred.

Expenditure on development is capitalised only where all of the following have been demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- the Trust intends to complete the asset and sell or use it;
- the 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 is identified;
- adequate financial, technical and other resources are available to the Trust to complete the development and sell or use the asset; and
- the Trust can measure reliably the expenses attributable to the asset during development.

1.7.2 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 is capable of operating in the manner intended by management.

Subsequently, intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluation gains and losses and impairments are treated in the same manner as for property, plant and equipment.
An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 Investment Properties or IFRS 5 Assets Held for Sale.

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

1.8 Depreciation and amortisation

Freehold land is considered to have an infinite life and is not depreciated. Properties under construction are not depreciated until brought into use.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their estimated useful lives or, where shorter, the lease term.

At each reporting period end, the Trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

The following table details the useful economic lives currently used for the main classes of assets:

Asset class	Min Life Years	Max Life Years
Buildings exc. dwellings	10	66
Dwellings	44	79
Plant & machinery	3	15
Information technology	5	12
Furniture & fittings	5	15
Intangible assets	5	20

Property, plant and equipment which have been re-classified as 'held for sale' cease to be depreciated upon the re-classification.

Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

1.9 Donated assets

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

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

1.10 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 re-valued, 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.

1.11 Leases

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

1.11.1 Finance leases

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

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

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.

1.11.2 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.

1.11.3 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 Inventories

Inventories are valued at the lower of cost and net realisable value using the 'first-in first-out' formula. These are considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.13 Cash and cash equivalents

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

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

1.14 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of that amount. The amount recognised in the Statement of Financial Position is the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rate of 0.7% in real terms, except for post-employment benefits provisions which use the HM Treasury's pension discount rate of minus 0.5% in real terms.

1.15 Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. The contribution is charged to expenditure. Although NHS Resolution is administratively responsible for all clinical negligence cases the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at note 22.2 but is not recognised in the Trust's accounts.

1.16 Non-clinical risk pooling

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

1.17 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, these are disclosed where an inflow of economic benefits is probable. The Trust currently has no contingent assets to disclose.
Contingent liabilities are not recognised, but are disclosed in note 25 unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

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

1.18 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.

At any time, the Secretary of State can issue new PDC to, and require repayments of PDC from, the Trust. PDC is recorded at the value received.

Where additional assets are purchased relating to the COVID-19 pandemic, the value of these assets will be excluded from average relevant net assets for PDC Dividend calculations, in the same manner as donated and grant funded assets. Such assets will therefore not attract a PDC dividend charge.
A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets and COVID-19 assets, (ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility and (iii) any PDC dividend balance receivable or payable.

The average relevant net assets is calculated as a simple average of opening and closing net relevant assets.

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

1.19 Financial instruments and financial liabilities

1.19.1 Recognition

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

1.19.2 Classification and measurement

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

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

Financial assets/liabilities are classified as subsequently measured at amortised cost.

1.19.3 Financial assets and financial liabilities at amortised cost

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

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

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

1.19.4 Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets

measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

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

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

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

1.19.5 Derecognition

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

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

1.20 Value Added Tax

Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable.

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.21 Corporation Tax

Section 148 of the Finance Act in 2004 amended S519A of the Income and Corporation Taxes Act 1988 to provide power to the Treasury to make certain non-core activities of Foundation Trusts potentially subject to corporation tax. This legislation became effective in the 2005/06 financial year. In determining whether or not an activity is likely to be taxable a three-stage test may be employed:

- The provision of goods and services for purposes related to the provision of healthcare authorised under section 14(1) of the Health and Social Care Act 2003 (HSCA) is not treated as a commercial activity and is therefore tax exempt;
- Trading activities undertaken in house which are ancillary to core healthcare activities are not entrepreneurial in nature and not subject to tax. A trading activity that is capable of being in competition with the wider private sector will be subject to tax;
- Only significant trading is subject to tax. Significant is defined as annual taxable profits of £50,000 per trading activity.

The majority of the Trusts activities are related to core healthcare and are not subject to tax.

Private patient activities are covered by section 14(1) of the Health and Social Care (Community Health and Standards) Act 2003 and not treated as a commercial activity and are therefore tax exempt; and
Other trading activities (including car parking and staff canteens) are ancillary to the core activities and are not deemed to be entrepreneurial in nature.

However, the Trust's commercial subsidiary is subject to corporation tax, and this has been included in the group accounts.

1.22 Foreign currencies

The Trust's functional currency and presentational currency is sterling.

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

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

1.23 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 Note 29 to the accounts in accordance with the requirements of the HM Treasury's Financial Reporting Manual.

1.24 IFRS Standards that have been issued but have not yet been adopted

The DHSC GAM does not require the following standards and interpretations to be applied in 2019/20. These standards are still subject to HM Treasury FReM adoption, with IFRS 16 being for implementation in 2020/21:

IFRS 14 Regulatory Deferral Account – Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable to DHSC Bodies.

IFRS 16 Leases – Standard is effective at 1 April 2020 as per the FReM but HM Treasury have revised the implementation date to 1 April 2021.

IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted

The Trust has considered the above new standards, interpretations and amendments to published standards that are not yet effective and concluded that they are not relevant to the Trust or that they would not have a significant impact on the Trust's financial statements, apart from some additional disclosures.

The Trust has not early adopted any new accounting standards, amendments or interpretations, which is in line with guidance contained in the DHSC GAM 2019/20.

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 assets value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted 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 the adoption of the standard. The related right of use asset will be measured equal to 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.

1.27 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 general 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 NHS Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). The losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

1.28 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

1.29 Going concern

International Accounting Standard 1 requires the board to assess, as part of the accounts preparation process, the Trust's ability to continue as a going concern. In the context of non-trading entities in the public sector, the anticipated continuation of the provision of a service in the future is normally sufficient evidence of going concern. The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the Trust without the transfer of its services to another entity within the public sector.

In preparing the financial statements, the Board of Directors have considered the Trust's overall financial position against the requirements of IAS1.

The Trust recorded an operating surplus of £0.2 million for the year ended 31 March 2020, with a cash balance of £7.3 million. The Trust had an initial plan for 2020/21 which showed the need for significant working capital support. However, this plan was not finalised, or formally approved prior to the suspension of the planning process for 2020/21 by the Department of Health and Social Care (DHSC) at the outset of the CoVID 19 pandemic. Since the outbreak of COVID 19, the NHS financial regime has moved to fixed income, supplemented by support funding within the CoVID 19 period, which has been confirmed as operating until at least 31st October 2020. The Trust is awaiting further guidance on planning for the remainder of the financial year, however, the current cash position and future funding is expected to be sufficient to cover cash requirements for the remainder of the going concern period.

It is also noted that the cash regime within the NHS has changed with effect from April 2020 and any new financial revenue support will be in the form of non repayable Public Dividend Capital rather than interest bearing loans. Therefore, should the Trust be in need of cash support in the period beyond October 2020 it will not be in the form of repayable debt.

Based on the factors outlined above, the Board of Directors has a reasonable expectation that the Trust will have access to adequate resources to continue to deliver the full range of mandatory services for the 12 months from the date of approval of the financial statements and fulfil any liabilities as they fall due. The Directors consider that this provides sufficient evidence that the Trust will continue as a going concern for the 12 months from the date of approval of the financial statements. On this basis, the Trust has adopted the going concern basis for preparing the accounts.

2. Segment analysis

The Trust has considered the requirements in IFRS 8 for segmental analysis. Having reviewed the operating segments reported internally to the Board, the Trust is satisfied that it is appropriate to aggregate these as, in accordance with IFRS 8: Operating Segments, they are similar in each of the following respects:

- The nature of the products and services;
- The nature of the production processes;
- The type of customer for their products and services;
- The methods used to distribute their products or provide their services; and
- The nature of the regulatory environment.

The Trust therefore has just one segment, "healthcare". Analysis of income by different activity types and sources is provided in note 3.

3. Income from patient care activities

Analysis by activity	Group		Trust	
	Year ended	Year ended	**Year ended**	Year ended
	31 March	31 March	**31 March**	31 March
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Elective income	27,302	26,503	27,302	26,503
Non-elective income	46,641	36,824	46,641	36,824
First outpatient income	11,025	10,348	11,025	10,348
Follow up outpatient income	16,623	14,882	16,623	14,882
A&E income	11,431	9,875	11,431	9,875
High costs drugs income from commissioners	13,957	12,429	13,957	12,429
Other NHS clinical income	46,995	47,124	46,995	47,124
Private patient income	819	783	819	783
AfC pay award central funding*	-	1,739	-	1,739
Additional pension contribution central funding**	5,258	-	5,258	-
Other clinical income	1,448	520	1,448	520
Total	**181,499**	161,027	**181,499**	161,027
Income from Commissioner Requested Services	176,392	156,502	176,392	156,502
Income from non-Commissioner Requested Services	5,107	4,525	5,107	4,525
Total	**181,499**	161,027	**181,499**	161,027

*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.

Commissioner-requested services are services which local commissioners believe should continue to be provided locally if any individual provider is at risk of failing financially. Any organisation providing a commissioner-requested service has to continue offering the service unless it can obtain agreement from NHS Improvement and the commissioners to stop. It cannot dispose of relevant assets used to provide the service without NHS Improvement consent and it must pay into a risk pool that will fund services in the event of financial failure.

Analysis by source	Group		Trust	
	Year ended	Year ended	**Year ended**	Year ended
	31 March	31 March	**31 March**	31 March
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
NHS - Foundation Trusts	2,544	230	2,544	230
NHS - Trusts	5	9	5	9
NHS - NHS England	37,432	28,945	37,432	28,945
NHS - CCGs	140,155	128,558	140,155	128,558
Department of Health and Social Care	-	1,739	-	1,739
Local Authorities	40	193	40	193
NHS - Other	53	50	53	50
Non NHS - Private patients	819	783	819	783
Non NHS - Overseas patients	37	68	37	68
NHS Injury Scheme	366	427	366	427
Non NHS - Other	48	25	48	25
Total	**181,499**	161,027	**181,499**	161,027

NHS Injury Scheme income relating to the 2019/20 financial year is subject to a provision for doubtful debts of 21.79% (2018/19: 21.89%) to reflect expected rates of collection.

The Group and Trust overseas patient income for the year amounted to £37k (2018/19 £68k). Cash received amounted to £35k (2018/19 £67k) in respect of current and previous years' income. The amounts written off in respect of current and prior years amounted to £nil (2018/19 £nil).

4. Other operating income

	Note	Group Year ended 31 March 2020 £000	Group Year ended 31 March 2019 £000	Trust Year ended 31 March 2020 £000	Trust Year ended 31 March 2019 £000
Research and development		712	814	712	814
Education and training		6,728	6,441	6,728	6,441
Education and training - notional income from apprenticeship fund		258	105	258	105
Received from NHS Charities: Physical assets		5	26	5	26
Received from NHS Charities: Cash donations		201	555	201	555
Received from NHS Charities: Contributions to expenditure		16	-	16	-
Non-patient care services to other bodies		7,819	7,328	7,903	7,413
Provider sustainability fund/Financial recovery fund/Marginal rate emergency tariff funding (Sustainability and Transformation Fund income)		9,256	6,137	9,256	6,137
Staff recharges		499	443	499	443
Rental revenue from operating leases	6.2	87	85	94	92
Car parking		725	675	725	675
Catering		571	508	571	508
Pharmacy sales		41	78	42	329
Staff accommodation rentals		375	294	375	294
Estates recharges		44	56	44	56
IT recharges		7	8	7	8
Clinical excellence awards		107	96	107	96
Other income generation schemes		42	40	42	40
Other income		351	104	351	104
Total		**27,844**	23,793	**27,936**	24,136

5. Operating expenses

	Note	Group Year ended 31 March 2020 £000	Group Year ended 31 March 2019 £000	Trust Year ended 31 March 2020 £000	Trust Year ended 31 March 2019 £000
Employee expenses	7.1	135,449	118,088	135,384	118,025
Employee expenses - Non-executive directors		122	125	122	125
Purchase of healthcare from NHS and DHSC bodies		8,131	7,575	8,131	7,575
Purchase of healthcare from non-NHS and non-DHSC bodies		4,206	3,487	8,046	6,342
Supplies and services - clinical (excluding drug costs)		16,513	16,827	16,512	16,827
Supplies and services - general		1,635	1,666	1,635	1,666
Drug costs		18,482	16,758	14,926	14,426
Inventories written down (net, including drugs)		35	68	35	68
Consultancy costs		312	466	307	461
Establishment		1,159	1,039	1,158	1,038
Premises - Business rates payable to Local Authorities		1,084	1,029	1,084	1,029
Premises - Other		6,201	6,498	6,200	6,498
Transport (business travel only)		492	490	492	490
Transport (other)		266	274	266	274
Depreciation on property, plant and equipment		4,730	4,387	4,729	4,386
Amortisation on intangible assets		550	874	550	874
Impairment net of (reversals)		-	2,895	-	2,895
Movement in credit loss allowance		4	(3)	4	(3)
Change in provisions discount rate		10	(1)	10	(1)
External audit - statutory audit services*		46	41	42	37
External audit - audit assurance services*		1	10	1	10
External audit - non-audit services*		-	4	-	4
Internal Audit Costs - (not included in employee expenses)		69	71	69	71
Clinical negligence - NHS Resolution (premium)		5,244	6,159	5,244	6,159
Legal fees		22	450	22	450
Insurance		113	153	113	153
Research and Development		25	32	25	32
Training courses and conferences		467	617	467	617
Education and training - notional expenditure funded from apprenticeship fund		258	105	258	105
Rentals under operating leases - minimum lease payments	6.1	119	105	119	105
Car parking and security		190	13	190	13
Losses, ex gratia & special payments		5	80	5	80
Other services		603	263	603	263
Other		487	434	484	433
Total		**207,030**	191,079	**207,233**	191,527

*no other remuneration was paid to the auditor, except for the amounts disclosed above

6. Operating leases

6.1 As lessee

Payments recognised as an expense	Group		Trust	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
	£000	£000	**£000**	£000
Minimum lease payments:				
Buildings	51	48	51	48
Other	68	57	68	57
Total minimum lease payments	**119**	105	**119**	105

Future minimum lease payments on buildings leases due:	Group		Trust	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
	£000	£000	**£000**	£000
Not later than one year	50	50	50	50
Later than one year and not later than five years	202	202	202	202
Later than five years	202	253	202	253
Total	**454**	505	**454**	505

Future minimum lease payments on other leases due:	Group		Trust	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
	£000	£000	**£000**	£000
Not later than one year	38	45	38	45
Later than one year and not later than five years	19	22	19	22
Total	**57**	67	**57**	67

6.2 As lessor

Rental recognised as an income	Group		Trust	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
	£000	£000	**£000**	£000
Minimum lease payments: Land	87	85	94	92
Total minimum lease payments	**87**	85	**94**	92

Future minimum lease payments on Buildings leases due:	Group		Trust	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
	£000	£000	**£000**	£000
Not later than one year	87	85	94	92
Later than one year and not later than five years	341	333	362	361
Later than five years	170	249	170	249
Total	**598**	667	**626**	702

7. Employee expenses and numbers

7.1 Employee expenses

	Group		Trust	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
	£000	£000	**£000**	£000
Staff & executive directors	133,726	116,356	133,661	116,293
Research and development staff	737	785	737	785
Education and training staff	979	944	979	944
Redundancy	-	-	-	-
Early retirements	7	2	7	2
Special payments	-	1	-	1
	135,449	118,088	**135,384**	118,025
Salaries and wages	100,724	93,762	100,667	93,706
Social security costs	9,566	8,666	9,560	8,661
Apprenticeship levy	485	448	485	448
Employer contributions to NHS Pension scheme	12,052	11,310	12,052	11,310
Employer contributions paid by NHSE on provider's behalf (6.3%)	5,258	-	5,258	-
Pension cost - other	38	24	36	22
Agency and contract staff	7,837	4,160	7,837	4,160
Termination benefits	96	76	96	76
Less: Staff costs capitalised as part of assets	(607)	(358)	(607)	(358)
Employee benefits expense	**135,449**	118,088	**135,384**	118,025

Salaries and wages include the cost of amounts accrued in respect of holiday earned by employees due to their service, but not taken, as required under IAS 19.

The amount of Employer's pension contributions payable in the year ended 31 March 2020 was £17,348k (2018/19: £11,334k), £5,258k of this figure is paid by NHSE on behalf of the Trust. Of this total, an amount of £1,034k (2018/19: £955k) was unpaid at the reporting date.

7.2 Retirement benefits

NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. 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:

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.

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.

8. Retirements due to ill-health

During 2019/20 there was one case (2018/19: no cases) of early retirement from the Trust agreed on grounds of ill-health. The estimated additional pension liabilities of this ill-health retirement will be £62k (2018/19: £nil). The cost of ill-health retirements is borne by the NHS Business Services Authority – Pensions Division. This information has been supplied by NHS Pensions.

9. Salary and pension entitlement of directors and senior managers

9.1 Directors remuneration

	Group		Trust	
	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000	**Year ended 31 March 2020 £000**	Year ended 31 March 2019 £000
Directors remuneration - Salaries and wages	978	936	978	936
Employers pension contributions in respect of directors	127	119	127	119
	1,105	1,055	**1,105**	1,055

	Number	Number	**Number**	Number
The total number of directors to whom retirement benefits were accruing under:				
Defined contribution schemes	-	1	-	1
Defined benefit schemes	7	10	7	10

Detailed disclosures of the remuneration and pension entitlements of each director are set out on pages 40 to 45 of the Remuneration Report.

10. Finance income

	Group		Trust	
	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000	**Year ended 31 March 2020 £000**	Year ended 31 March 2019 £000
Interest on bank accounts	114	84	113	83
Total	**114**	84	**113**	83

11. Finance expenses

	Group		Trust	
	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000	**Year ended 31 March 2020 £000**	Year ended 31 March 2019 £000
Loans from the Department of Health	98	97	98	97
Finance Leases	69	40	69	40
Total interest expense	167	137	167	137
Unwinding of discount on provisions	1	1	1	1
Total finance expenses	**168**	138	**168**	138

12. Gains/(losses) on disposals

	Group		Trust	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
	£000	£000	**£000**	£000
Gains on disposal of other property, plant and equipment	7	12	7	12
Losses on disposal of other property, plant and equipment	(57)	(26)	(57)	(26)
Total (losses) on disposal of assets	**(50)**	(14)	**(50)**	(14)

13. Impairment of non-current assets

	Group		Trust	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
Impairment	**£000**	£000	**£000**	£000
Unforeseen obsolescence	-	142	-	142
Changes in market price*	-	9,621	-	9,621
Reversal of impairments*	-	(34)	-	(34)
Total impairments	**-**	9,729	**-**	9,729

* Resulting from the revaluation of land and buildings as at 31 March 2019.

Total impairments have been charged to the following lines in the Statement of Comprehensive Income.

	Group		Trust	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
	£000	£000	**£000**	£000
Operating expenses	-	2,895	-	2,895
Revaluation reserve	-	6,834	-	6,834
	-	9,729	**-**	9,729

14. Intangible assets

	Group and Trust	
	Software licences 2019/20	**Software licences** 2018/19
	£000	£000
Cost or valuation at 1 April	9,743	9,313
Additions - purchased	789	594
Disposals	(295)	(164)
Cost or valuation at 31 March	**10,237**	9,743
Amortisation at 1 April	4,527	3,675
Provided in the year	550	874
Impairments charged to operating expenses	-	142
Disposals	(295)	(164)
Amortisation at 31 March	**4,782**	4,527
Net book value		
Purchased	5,447	5,204
Donated	8	12
Net book value total at 31 March	**5,455**	5,216

Software licences have been assigned asset lives of between 5 and 20 years. The total reported includes £33k (2019: £116k) of software under construction.

15. Property, plant and equipment

Assets utilised by the Trust under Finance leases arrangements are capitalised as part of property, plant and equipment under IFRS. The net book value of fixed assets held at the balance sheet date that were subject to a finance lease was £2,526k (2019: £2,786k).

15.1 Property, plant and equipment, current year 2019/20

	Total	Land	Buildings exc. dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings
Group	**£000**	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2019	**111,547**	5,050	66,218	4,530	222	27,701	7,216	610
Additions - purchased	**6,242**	-	1,301	-	1,977	1,563	1,401	-
Additions - donations of physical assets	**5**	-	-	-	-	5	-	-
Additions - assets purchased from cash donations/grants	**201**	-	35	-	-	166	-	-
Reclassification	**-**	-	24	-	(112)	87	1	-
Revaluation surpluses	**12**	-	-	-	-	-	-	12
Disposals	**(1,423)**	-	-	-	-	(1,060)	(332)	(31)
Cost or valuation at 31 March 2020	**116,584**	**5,050**	**67,578**	**4,530**	**2,087**	**28,462**	**8,286**	**591**
Depreciation at 1 April 2019	**23,103**	-	-	-	-	17,977	4,903	223
Provided in the year	**4,730**	-	2,206	132	-	1,528	840	24
Revaluation surpluses	**12**	-	-	-	-	-	-	12
Disposals	**(1,363)**	-	-	-	-	(1,000)	(332)	(31)
Depreciation at 31 March 2020	**26,482**	**-**	**2,206**	**132**	**-**	**18,505**	**5,411**	**228**

15.2 Property, plant and equipment, prior year 2018/19

	Total	Land	Buildings exc. dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings
Group	**£000**	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2018	**116,363**	7,604	67,435	4,354	1,204	27,780	7,384	602
Additions - purchased	**4,862**	-	2,881	-	196	1,134	622	29
Additions - leased	**2,615**	-	2,615	-	-	-	-	-
Additions - donations of physical assets	**26**	-	6	-	-	20	-	-
Additions - assets purchased from cash donations/grants	**555**	-	240	-	-	315	-	-
Impairments charged to operating expenses	**(2,839)**	(2,759)	(80)	-	-	-	-	-
Impairments charged to revaluation reserve	**(7,974)**	-	(8,083)	109	-	-	-	-
Reversal of Impairments credited to operating expenses	**23**	5	18	-	-	-	-	-
Reclassification	**-**	-	1,178	-	(1,178)	-	-	-
Revaluation surpluses	**273**	200	8	67	-	-	(2)	-
Disposals	**(2,357)**	-	-	-	-	(1,548)	(788)	(21)
Cost or valuation at 31 March 2019	**111,547**	**5,050**	**66,218**	**4,530**	**222**	**27,701**	**7,216**	**610**
Depreciation at 1 April 2018	**22,275**	-	-	-	-	17,192	4,867	216
Provided in the year	**4,387**	-	1,171	58	-	2,306	824	28
Impairments recognised in operating expenses	**(52)**	-	(52)	-	-	-	-	-
Impairments recognised in revaluation reserve	**(1,140)**	-	(1,104)	(36)	-	-	-	-
Reversal of impairments recognised in other operating expenses	**(11)**	-	(11)	-	-	-	-	-
Revaluation surpluses	**(28)**	-	(4)	(22)	-	-	(2)	-
Disposals	**(2,328)**	-	-	-	-	(1,521)	(786)	(21)
Depreciation at 31 March 2019	**23,103**	**-**	**-**	**-**	**-**	**17,977**	**4,903**	**223**

15.3 Property, plant and equipment DCH Subco Ltd

Note 15.1 contains £5,000(15.2 contains £7,000) of Information technology assets relating to DCH Subco Ltd.

15.4 Property, plant and equipment financing

	Total	**Land**	**Buildings exc. dwellings**	**Dwellings**	**Assets under construction**	**Plant & machinery**	**Information technology**	**Furniture & fittings**
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value as at 31 March 2020								
Owned assets	**83,157**	5,050	60,010	4,398	2,087	8,780	2,776	56
Finance lease	**2,526**	-	2,395	-	-	40	91	-
Donated assets	**4,419**	-	2,967	-	-	1,137	8	307
Total at 31 March 2020	**90,102**	**5,050**	**65,372**	**4,398**	**2,087**	**9,957**	**2,875**	**363**
Net book value as at 31 March 2019								
Owned assets	**80,959**	5,050	60,425	4,530	222	8,513	2,146	73
Finance lease	**2,786**	-	2,571	-	-	63	152	-
Donated assets	**4,699**	-	3,222	-	-	1,148	15	314
Total at 31 March 2019	**88,444**	**5,050**	**66,218**	**4,530**	**222**	**9,724**	**2,313**	**387**

16. Capital commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements comprise:

	Group		**Trust**	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£000	£000	**£000**	£000
Property, plant and equipment	567	241	567	241
Intangible assets	-	36	-	36
Total	**567**	277	**567**	277

17. Inventories

Current year 2019/20	Group			
	Drugs	Consumables	Other	Total
	£000	£000	£000	£000
Balance at 1 April	944	1,997	87	**3,028**
Additions	18,116	7,338	398	**25,852**
Inventories recognised as an expense in the period	(18,023)	(7,463)	(367)	**(25,853)**
Write-down of inventories recognised as an expense	(35)	-	-	**(35)**
Balance at 31 March	**1,002**	**1,872**	**118**	**2,992**

Current year 2019/20	Trust			
	Drugs	Consumables	Other	Total
	£000	£000	£000	£000
Balance at 1 April	770	1,997	87	**2,854**
Additions	14,356	7,338	398	**22,092**
Inventories recognised as an expense in the period	(14,298)	(7,463)	(367)	**(22,128)**
Write-down of inventories recognised as an expense	(35)	-	-	**(35)**
Balance at 31 March	**793**	**1,872**	**118**	**2,783**

The Trust does not currently operate a complete inventory management control system and is therefore, not able to separately evaluate any amount arising, from write-downs or losses, for inventories other than drugs.

18. Trade and other receivables

18.1 Trade and other receivables

	Group		Trust	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
Current	**£000**	£000	**£000**	£000
Contract receivables (IFRS 15): invoiced	2,522	2,334	2,522	2,334
Contract receivables (IFRS 15): not yet invoiced/ non-invoiced	5,126	3,802	5,126	3,808
Allowance for impaired contract receivables	(93)	(89)	(93)	(89)
Prepayments	2,299	2,197	2,297	2,195
Interest receivable	4	6	4	6
PDC dividend receivable	12	200	12	200
VAT receivables	461	333	381	279
Other receivables	383	292	382	302
Total	**10,714**	9,075	**10,631**	9,035
Non-current				
Prepayments	38	82	38	82
Contract receivables (IFRS 15): not yet invoiced/ non-invoiced	267	169	267	169
Clinician pension tax provision	512	-	512	-
Total	**817**	251	**817**	251
Grand Total	**11,531**	9,326	**11,448**	9,286

The great majority of trade is with Clinical Commissioning Groups, as commissioners for NHS patient care services. As Clinical Commissioning Groups are funded by central government to buy NHS patient care services, no credit scoring of them is considered necessary.

18.2 Receivables past their due date but not impaired

	Group		Trust	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£000	£000	**£000**	£000
By one to two months	694	237	694	237
By two to three months	59	76	59	76
By three to six months	182	174	182	174
By more than six months	354	109	354	109
Total	**1,289**	596	**1,289**	596

18.3 Receivables past their due date and impaired

	Group		Trust	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£000	£000	**£000**	£000
By up to one month	1	1	1	1
By one to two months	11	1	11	1
By two to three months	7	7	7	7
By three to six months	32	23	32	23
By more than six months	393	448	393	448
Total	**444**	480	**444**	480

18.4 Allowances for credit losses (doubtful debts)

All other receivables	Group		Trust	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£000	£000	**£000**	£000
Balance at 1 April	-	92	-	92
Impact of IFRS 9 (and IFRS 15) implementation on 1 April 2018 balance	-	(92)	-	(92)
Balance at 31 March	**-**	-	**-**	-

Contract receivables and contract assets	Group		Trust	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£000	£000	**£000**	£000
Balance at 1 April	89	-	89	-
Impact of IFRS 9 (and IFRS 15) implementation on 1 April 2018 balance	-	92	-	92
New allowances arising	40	36	40	36
Reversals of allowances	(36)	(39)	(36)	(39)
Balance at 31 March	**93**	89	**93**	89

19. Cash and cash equivalents

	Group		Trust	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£000	£000	**£000**	£000
Balance at 1 April	3,536	2,493	3,448	2,493
Net change in year	3,799	1,043	3,862	955
Balance at 31 March	**7,335**	3,536	**7,310**	3,448
Made up of				
Commercial banks and cash in hand	5	5	5	5
Cash with Government Banking Service	7,330	3,531	7,305	3,443
Cash and cash equivalents	**7,335**	3,536	**7,310**	3,448

20. Trade and other payables

	Group		Trust	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
Current	**£000**	£000	**£000**	£000
Trade payables*	15,746	11,530	15,288	11,329
Capital payables	1,973	1,681	1,973	1,681
Accruals	5,001	4,367	5,339	4,367
Other taxes payable	2,741	2,446	2,716	2,424
Total	**25,461**	20,024	**25,316**	19,801

* Trade Payables includes outstanding pension contributions of £1,724k (2019 £1,597k).

21. Borrowings

	Group Current		Trust Current	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£000	£000	**£000**	£000
Loans from Department of Health and Social Care	4	4	4	4
Obligations under finance leases	258	232	258	232
Total	**262**	236	**262**	236

	Non-current		Non-current	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£000	£000	**£000**	£000
Loans from Department of Health and Social Care	4,600	4,600	4,600	4,600
Obligations under finance leases	2,495	2,630	2,495	2,630
Total	**7,095**	7,230	**7,095**	7,230

The Trust drew down a capital loan from the Department of Health against the receipt of future asset sales at an annual interest rate of 2.11%. The loan repayment date has been extended by the Department of Health and Social Care in a letter dated 4th May 2020 to 15th March 2026.

21.1 Reconciliation of liabilities current year 2019/20	**Total**	**DHSC loans 2019/20**	**Finance leases 2019/20**
Group and Trust	**£000**	**£000**	**£000**
At 1 April 2019	**7,466**	4,604	2,862
Cash movements:			
Financing cash flows - principle	**(119)**	-	(119)
Financing cash flows - interest	**(157)**	(98)	(59)
Non-cash movements:			
Interest charge arising in year	**167**	98	69
At 31 March 2020	**7,357**	4,604	2,753

Reconciliation of liabilities prior year 2018/19	**Total**	**DHSC loans 2018/19**	**Finance leases 2018/19**
Group and Trust	**£000**	**£000**	**£000**
At 1 April 2018	**4,906**	4,600	306
Cash movements:			
Impact of applying IFRS 9 as at 1 April 2018	**6**	4	2
Financing cash flows - principle	**(92)**	-	(92)
Financing cash flows - interest	**(106)**	(97)	(9)
Non-cash movements:			
Additions	**2,615**	-	2,615
Interest charge arising in year	**137**	97	40
At 31 March 2019	**7,466**	4,604	2,862

22. Provisions

	Group and Trust	
	Current	
	31 March 2020	31 March 2019
	£000	£000
Pensions early departure costs	22	24
Pensions injury benefits	13	12
Other legal claims	15	14
Total	**50**	50

	Non-current	
	31 March 2020	31 March 2019
	£000	£000
Pensions early departure costs	95	111
Pensions injury benefits	123	126
Clinician pension tax reimbursement	512	-
Total	**730**	237

22.1 Provisions movement

Group and Trust	**Total** £000	**Pensions early departure costs** £000	**Pensions Injury benefits** £000	**Legal and other claims** £000	**Clinician pension tax** £000
At 1 April 2019	**287**	135	138	14	-
Change in discount rate	**10**	3	7	-	-
Arising during the year	**531**	4	3	12	512
Utilised during the year - accruals	**(9)**	(6)	(3)	-	-
Utilised during the year - cash	**(32)**	(19)	(10)	(3)	-
Reversed unused	**(8)**	-	-	(8)	-
Unwinding of discount	**1**	-	1	-	-
At 31 March 2020	**780**	117	136	15	512
Expected timing of cash flows:					
Within one year	**50**	22	13	15	-
Between one and five years	**634**	72	50	-	512
After 5 years	**96**	23	73	-	-
Total	**780**	117	136	15	512

Provisions that are not expected to become due for several years are shown at a reduced value to take account of inflation.

Provisions shown under the heading ‘Pensions early departure costs’ have been calculated using figures provided by the NHS Pension Agency. They assume certain life expectancies. Provisions shown under the heading ‘Legal claims’ relate to public and employer liability claims. The liability claims amounts have been calculated using information provided by NHS Resolution and are based on the best information available at the balance sheet date

22.2 Clinical negligence liabilities	31 March 2020	31 March 2019
Group and Trust	**£000**	£000
Amount included in provisions of NHS Resolution in respect of clinical negligence liabilities of the Trust	113,086	100,132

23. Other liabilities	Group		Trust	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£000	£000	**£000**	£000
Deferred income - goods and services	1,802	1,691	1,802	1,691
Total	**1,802**	1,691	**1,802**	1,691

24. Finance lease obligations	Minimum lease payments		Present value of minimum lease payments	
Group and Trust	**31 March 2020**	31 March 2019	**31 March 2020**	31 March 2019
	£'000	£'000	**£'000**	£'000
Gross lease liabilities	**3,895**	4,063	**2,956**	3,086
of which liabilities are due				
not later than one year	427	398	416	358
later than one year and not later than five years	955	1,033	850	938
later than five years	2,513	2,632	1,690	1,790
Finance charges allocated to future periods	(1,142)	(1,201)	(944)	(1,003)
Net lease liabilities	**2,753**	**2,862**	**2,012**	**2,083**
of which liabilities are due				
not later than one year	258	232	247	193
later than one year and not later than five years	505	570	448	516
later than five years	1,990	2,060	1,317	1,374
	2,753	**2,862**	**2,012**	**2,083**

All finance lease obligations disclosed above relate to plant and machinery and buildings.

25. Contingencies

Contingent liabilities	31 March 2020	31 March 2019
Group and Trust	**£000**	£000
Risk pooling*	5	18
Early retirement	-	2
Injury benefits	-	3
Total	**5**	23

* Risk pooling is in respect of employer and public liability incidents for which claims have been made against the Trust. The contingent liabilities have been calculated using information provided by NHS Resolution. Provisions relating to these cases are included in Note 22.

26. Financial instruments

26.1 Financial assets

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Loans and receivables	**£000**	£000	**£000**	£000
Trade and other receivables with NHS and DH bodies	7,204	5,735	7,204	5,735
Trade and other receivables with other bodies	1,516	779	1,516	779
Cash and cash equivalents at bank and in hand	7,335	3,536	7,310	3,448
Total at 31 March	**16,055**	10,050	**16,030**	9,962

The financial assets consist of the financial element of trade and other receivables (Note 18.1) and cash and cash equivalents at bank and in hand (Note 19).

26.2 Financial liabilities

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	**£000**	£000
Borrowing excluding finance lease and PFI contract	4,604	4,604	4,604	4,600
Obligations under finance lease	2,753	2,862	2,753	306
Trade and other payables with NHS and DH bodies	7,664	4,493	7,664	3,028
Trade and other payables with other bodies	12,823	10,967	12,702	8,831
Provisions under contract	780	287	780	316
Total at 31 March	**28,624**	23,213	**28,503**	17,081
Maturity of				
In one year or less	20,797	15,746	20,676	12,001
In more than one year but not more than two years	169	4,850	169	121
In more than two years but not more than five years	971	444	971	4,816
In more than five years	6,687	2,173	6,687	143
	28,624	23,213	**28,503**	17,081

The financial liabilities consist of the financial element of trade and other payables (Note 20), plus current and non-current borrowings (Note 21) and provisions (Note 22.1) excluding legal costs.

26.3 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Due to the continuing service provider relationship that the Trust has with Clinical Commissioning Groups and the way those Groups are financed, the 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 Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the Finance Department, within parameters defined formally within the Trust's Standing Financial Instructions and Policies agreed by the Board of Directors. The Trust's treasury activity is subject to review by the Trust's internal auditors.

26.3.1 Currency risk

The Trust is a UK based organisation with no overseas operations. The vast majority of its income, expenses, assets and liabilities are denominated in sterling, and therefore it has low exposure to currency risk.

26.3.2 Interest rate risk

The Trust's exposure to interest rate risk is limited to the rate of interest it earns on short-term cash deposits placed with the National Loans Fund and its cash balances with the Government Banking Service. All of the borrowings of the Trust are at fixed rates of interest.

The Trust earned interest of £114,000 (at an average rate of approximately 0.64%) during 2019/20. An increase in interest rates of 0.5% would increase interest earned by approximately £89,000 .

26.3.3 Credit risk

The majority of the Trust's trade and other receivables are due from other NHS bodies that are funded by central government. As a result, the Trust has a low credit risk profile. Exposures as at 31 March are disclosed in the Trade and other receivables note.

The Trust has a credit control policy and actively pursues unpaid debts, utilising the services of a debt collection agency for certain older debts. The Trust does not enter into derivative contracts.

With the COVID-19 pandemic it is determined that the Trust continues to have a low credit risk profile as the Trust's trade and other receivables are due from other NHS Bodies which are funded by central government.

26.3.4 Liquidity risk

The Trust's net operating costs are incurred under annual service agreements with local Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Trust also largely finances its capital expenditure from internally generated funds, or from facilities made available from Government under an agreed borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

The Trust has a surplus of £0.2m in the current financial year and has a cash balance of £7.3m. Therefore, there is minimal risk to payables.

27. Events after the reporting period

On 11 March 2020 the World Health Organisation declared a global pandemic for COVID-19. All NHS Trusts and NHS Foundation Trusts are being moved to block contracts from 1st April 2020 as part of the NHS response to COVID-19, thereby adopting local variations to Payment By Results(PBR) contracts. Further top up payments will be made to cover reasonable costs of responding to the pandemic.

28. Related party transactions

Dorset County Hospital NHS Foundation Trust is an independent public benefit corporation as authorised by NHS Improvement in their Terms of Authorisation. None of the Trust's Directors, senior managers, or parties deemed to be related to them, has undertaken any material transactions with Dorset County Hospital NHS Foundation Trust.

The Department of Health and Social Care is regarded as the ultimate parent of the Trust. During the year the Foundation Trust has had a significant number of transactions with entities for which the Department of Health is regarded as the ultimate parent. Central and Local Government and NHS entities, with which the Foundation Trust had transaction totals exceeding £500,000 for the year, are listed in the following table.

	Income in year to 31 March 2020 £000	Expenditure in year to 31 March 2020 £000	Receivables at 31 March 2020 £000	Payables at 31 March 2020 £000
Department of Health and Social Care	46	98	-	4,604
Dorset Healthcare NHS Foundation Trust	4,867	5,316	854	5,770
Health Education England	7,088	-	9	-
HM Revenue and Customs - Tax & NI	-	10,072	-	2,741
NHS Blood and Transplant	-	828	-	19
NHS Dorset Clinical Commissioning Group	134,686	794	143	1,183
NHS England - Core	10,073	302	3,095	242
NHS England - South West Specialised Commissioning Hub	24,810	-	529	-
South West Regional Office	4,401	-	173	-
NHS England - Wessex Commissioning Hub	2,135	-	579	-
NHS Resolution	-	5,354	-	5
NHS Pension Scheme	-	17,310	-	1,717
NHS Somerset Clinical Commissioning Group	2,254	-	47	-
Poole Hospital NHS Foundation Trust	917	1,220	282	390
Somerset Partnership NHS Foundation Trust	1,486	24	40	-
University Hospital Southampton NHS Foundation Trust	727	218	187	17
The Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust	446	741	85	546
DCH Subco Ltd	3,840	92	-	-

The payables included above in respect of HM Revenue and Customs and NHS Pension Scheme include both employee and employer contributions. The expenditure figures for these organisations are only in respect of employer contributions.

The Trust receives revenue payments and contributions to the cost of non-current assets from the Dorset County Hospital NHS Foundation Trust Charitable Fund, of which the Foundation Trust is the corporate trustee.

Transactions with Dorset County Hospital NHS Foundation Trust Charitable Fund:	**31 March 2020**	31 March 2019
	£000	£000
Contributions from the Charity to non-current assets	206	577
Contributions from the Charity to expenditure	36	54
Administration costs charged to the Charity	22	22

29. Third Party Assets

The Trust did not hold cash and cash equivalents which relate to monies held on behalf of patients (2018/19 £nil).

30. Losses and special payments

The total costs included in this note are on a cash basis and may not reconcile to the amounts in the notes to the accounts, which are prepared on an accruals basis.

Group and Trust	**Number of cases**		**Total value of cases**	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	Number	Number	**£'000**	£'000
Losses;				
Losses of cash due to:				
overpayment of salaries etc	**-**	3	**-**	1
Damage to buildings and property due to:				
stores losses	**1**	1	**35**	68
Special Payments;				
Compensation under court order or legally biniding arbitration award	**1**	2	**1**	72
Ex-gratia payments in respect of:				
loss of personal effects	**5**	15	**3**	3
other	**4**	6	**1**	5
	11	27	**40**	149

31. Limitation on auditor's liability

The limitation on the Trust's auditor's liability is £1.0million (2018/19: £1.0million).

32. Pooled Budget – Equipment for Living Partnership

The Trust, via Dorset CCG, contributes towards a pooled budget arrangement which started on the 1st April 2015. This is hosted by BCP Council to provide equipment for Living Partnership.

Payments are included in note 5 – Operating expenses under heading Purchase of healthcare from NHS and DHSC bodies. The Trust contributed £194k in 2019/20 (£189k 2018/19). This forms part of the Dorset CCG total included in the table below.

The below disclosure is based on month 12 information provided by BCP Council and it should be noted that these figures are un-audited.

Group and Trust	**Year ended**	Year ended
	31 March	31 March
	2020	2019
Funding	**£000**	£000
Bournemouth Borough Council	-	637
Borough of Poole	-	592
BCP Council	1,410	-
Dorset County Council	-	1,413
Dorset Council	1,232	-
Dorset CCG	5,508	5,358
Partner Contributions (excluding management costs)	8,150	8,000
Partner Allocation: Local Authority	245	115
Partner Allocation: CCG	498	235
COVID-19 Funding (Unpooled)	56	-
Total Funding	**8,949**	8,350
Expenditure		
Integrated Community Equipment Store		
Actual Spend to March	(8,949)	(8,350)
Total Expenditure	**(8,949)**	(8,350)
Total Surplus at 31 March	**-**	-

33. Other Financial Commitments

The Trust is committed to making payments under non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangement), analysed by the period during which the payment is made:

	Group		**Trust**	
	31 March	31 March	**31 March**	31 March
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
not later than 1 year	1,745	1,262	1,745	1,262
after 1 year and not later than 5 years	2,457	1,197	2,457	1,197
Total	**4,202**	2,459	**4,202**	2,459