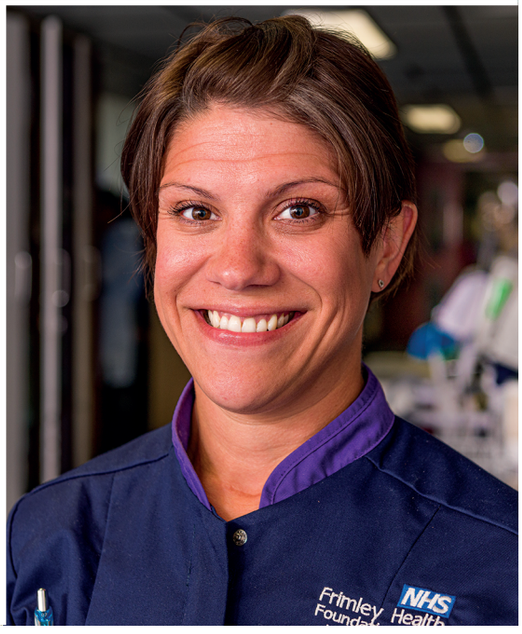
Committed to excellence | Working together | Facing the future

NHS
Frimley Health
NHS Foundation Trust





ANNUAL REPORT & ACCOUNTS

2020/21

Frimley Health NHS Foundation Trust

Annual Report and Accounts 2020-2021

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

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Statement from the Chairman

I am delighted to present our Annual Report for Frimley Health NHS Foundation Trust for the year ending 31 March 2021.

As we know 2020/21 has been the most challenging year for all of us at a personal, family and society level. For the NHS it has been the toughest year we have faced since it was founded 72 years ago. This was particularly true when the number of Covid-19 patients continued to escalate rapidly throughout December and January. During the peak of the second wave the number of Covid-19 inpatients was more than double that in the first wave.

I want to start by paying a tribute to our colleagues Elvira Bucu, Rajesh Gurung, Prem Lal, and Mina Paragpuri who sadly passed away during the year due to Covid-19. They were dearly loved colleagues and our heartfelt thoughts and prayers will always be with their families and friends.

Sadly, over 1300 patients have now died as a result of Covid-19 in our hospitals and we do not underestimate the impact this loss has had on their families, friends, the communities we serve and indeed on the staff who cared for them. I would also like to extend my heartfelt thoughts and prayers to their families and friends for their sad loss.

I am pleased to say that to date over 4200 patients have recovered from Covid-19 whilst in our care and we have been able to send them home to their loved ones to carry on with their precious lives. The credit for this belongs to all our people, who have worked tirelessly day and night to save their lives.

Our people have been truly magnificent. They have ensured that, despite the unprecedented pressures our services were under, our patients continued to get the care they needed. Hundreds of staff were redeployed to key areas such as Intensive Care Units and High Dependency Units to manage the number of patients that needed this level of care. As you would expect, we have seen the utmost dedication from all our people, no matter what their role, so that they worked together as one team, to look after our patients. This was epitomised by our 'Ward Ambassadors' programme which saw non-clinical staff volunteer to support ward colleagues with administrative duties, family liaison and patient mealtimes. Indeed, this programme has been so popular with volunteers and ward colleagues that we intend to continue with this in the future.

Throughout the year we have been very grateful to our military colleagues from Joint Hospital Group (South East) based at Frimley Park for their invaluable support and the additional deployment of personnel from the Royal Artillery based at Thorney Island for much needed additional logistical support. I am also grateful to all our partners in the health and care system and the wider communities who have supported us during the year.

I have always believed that our people are and always will be our greatest asset. I have nothing but praise and huge gratitude for all my colleagues who have continued to give the best care possible to our patients, despite all the challenges they faced. The compassion, the commitment, the professionalism and the focus on always doing what's best for patients never ceases to amaze me. This has been borne out by the fact that they have selflessly put the lives of our Covid patients before their own, and I am truly humbled by all that they have done during the pandemic.

We were immensely proud when we learned that two members of our staff and four members of our military partners were included in the New Year Honours. Our Medical Director, Dr Tim Ho, and Head of Nursing for Critical Care, Diane Dodsworth, were both awarded MBEs for the way they helped shape the Trust's response to the Covid-19 pandemic. This was well deserved recognition for their outstanding contribution during the Covid pandemic and is another example of all that our teams have achieved throughout the past year.

I have been absolutely delighted by the work to implement our Strategy, despite the pandemic. Some great progress has been made during the year, and there have been several notable achievements which are covered in the Chief Executive's Statement.

There were some changes to the Board of Directors during the year. Lorna Wilkinson joined us in June as our Chief of Nursing and Midwifery. Caroline Hutton joined us in September as our interim Director of Transformation, Innovation and Digital Services. We said farewell to Janet King, our Director of HR and Corporate Services after 30 years of loyal service to first Frimley Park and latterly Frimley Health. I would like to record our sincere thanks to Janet for all that she has done for us. We also said farewell to two Non-Executive Directors - Mark Escolme and Ray Long - as their term of office came to an end. I would like to thank them for their services to Frimley Health.

We have also had a number of changes to the Council of Governors as a result of the elections in October 2020. We said thank you and farewell to Bob Bown who had been a governor for 9 years, 5 of them as our Lead Governor. We also said goodbye to Christina O'Garra, Paul Sahota and Margery Thorogood who stepped down as governors in the last year. I would like to thank these governors for the huge contribution they have made to the Trust and the help and support they have given both the Board and to me.

We welcomed Ann Smith, Jill Wakefield and Robin Woods as public governors and Michael Ellis and Udesh Naidoo as staff governors to our Council of Governors.

As we look forward, the single biggest factor that will have a huge impact on the whole of the NHS and our Trust, is how and when we come out of the pandemic. We have huge challenges in front of us and our values – working together, facing the future and delivering excellence - will really help us to meet these challenges head on. I have no doubt that with the help and support of our colleagues, our partners in the system, our governors and our members, we will continue to work together to deliver excellence for all the people we serve.

Pradip Patel
Chairman
10 June 2021

PERFORMANCE REPORT

Statement from the Chief Executive

The past year has been unprecedented and probably the most challenging year that the NHS has encountered in its history. I am in awe of the response of our teams at Frimley Health – when our communities needed us most, our teams have risen to the greatest challenges we are likely to face. It has been a year of distress and sadness, but also a year in which the importance of the NHS to our communities has been affirmed. Despite the specific challenges in this extraordinary year, we have also seen the best from our NHS staff and the development of our exciting plans for the future at Frimley Health.

We have delivered key objectives in our five-year strategy, which started in April 2020, introduced a culture and model for continuous improvement through our Frimley Excellence programme, delivered service and infrastructure improvements, developed our collaborative work with health and care partners in Frimley Health and Care Integrated Care System, maintained full emergency and urgent care for our community, and embedded positive changes that resulted from our response to the Covid pandemic. We face many challenges in the coming years, but our progress this year has put us in a position to emerge stronger than ever.

Our pandemic response

The Covid pandemic which came to our shores at the start of 2020 was beginning to severely test national resources and the resilience of our NHS by 1 April 2020, the start of the time period for this report. Hundreds of our staff had already been redeployed to different roles so that we could focus on caring for the soaring numbers of Covid patients while continuing to safely provide emergency care, maternity services and care for patients in most urgent need, for example treatment and diagnosis for cancer patients.

Our teams responded heroically to such an overwhelming challenge and I have no doubt that their extraordinary efforts saved many lives during that first wave. It was a very worrying and uncertain time, with colleagues facing a new, highly infectious disease that was poorly understood and causing worldwide disruption. While the nation went into lockdown to reduce the infection rate, I am extremely proud of the bravery and personal sacrifices shown by Frimley Health colleagues who continued to put themselves into frontline and support roles to ensure that our patients were cared for when they needed us most.

After the number of Covid patients subsided during the summer of 2020, our teams led the way in restoring the planned care services, such as surgery and outpatient services that had been suspended to respond to the pandemic. Towards the end of 2020 our staff were called upon again to respond as a new variant of the disease threatened once more to overwhelm the NHS. Many colleagues were still recovering from the effects of the first wave, which makes their positive reaction even more remarkable. This time we were better prepared, with more equipment, experienced teams, tried and tested escalation plans and a better understanding of how to manage and treat the disease.

Covid infections rose rapidly once again with parts of our community among the worst affected in the country, compounded by the more traditional NHS winter pressures. In January, our number of Covid positive inpatients peaked at over 700, more than double that of the first wave. Our intensive care units were coping with two and a half times their usual maximum capacity and we provided new ring-fenced pathways to protect staff and patients and additional capacity to meet the needs of our communities.

Unfortunately, we had to suspend most non urgent elective and outpatient appointments once again to deal with the pandemic emergency, but this was a truly system wide response and I am grateful to the support we received from our partners across the health and care sector. The pressures on our teams and resources were intense and at times felt relentless, but thanks to great planning, collaboration with health and care partners and an extraordinary effort and commitment by Frimley Health staff we were again able to provide the urgent care that our Covid and non-Covid patents needed. Mortality rates during this second wave were significantly less than the first, which we estimate resulted in more than 200 extra lives being saved.

At the same time as the second wave was increasing in early December, the national vaccination programme began. Our hub at Wexham Park Hospital was among the first 50 centres to deliver the vaccine across the country, bringing hope of a route out of the pandemic cycle. By the end of March more than 30,000 doses had been given by the Frimley Health hub among the 35 million provided nationally. The numbers of patients with Covid in our hospitals and community services reduced to just over 50 patients and we had restored most of our elective, outpatients and diagnostic services.

Despite the amazing efforts of our staff, Covid has taken a terrible toll this year with some 1,300 patients in our care who have died with the disease. We have lost much-loved colleagues to the virus – Elvira Bucu, Prem Lal, Mina Paragpuri and Rajesh Gurung from Frimley Health, and colleagues from partner organisations. But more than 4,200 patients under the care of our incredible teams have recovered and been reunited at home with friends, families and loved ones.

The pandemic has impacted on everything we do and has left us and the NHS with some significant challenges. The suspension of elective services means we have a backlog of patients awaiting care, there will be numbers of patients still waiting to access healthcare who were delayed during the peak, different sectors will still see future peaks such as mental health or community services who will have to cope with the longer term impact of Covid, and the challenges of meeting the needs of a growing and more complex demographic that existed prior to Covid will remain. In addition, the staffing and financial challenges of the NHS are likely to have been exacerbated and we need to manage all these challenges through an ongoing threat of Covid as our society seeks to return to a new normal.

Our response to the challenges posed by the pandemic also enabled a period of significant innovation and learning that we are developing and embedding over the longer term to transform services, accelerate the restoration of services and improve patient care and efficiency. The changes we have seen include establishing a Trust Operational Centre, extensive use of MS Teams video conferencing to enable home working and more agile collaboration, expansion of virtual appointments for patients using video link and telephone where appropriate, and better patient pathways to enable more treatment at home and in other non-hospital settings.

The experiences gained by our staff has given us a more adaptable and skilled workforce with a stronger focus on wellbeing and we have developed our relationships with our health and care partners and the independent sector in ways that will increase possibilities for further improvement and transformation. We will need to take advantage of all these potential opportunities for positive change in order to meet our significant challenges.

I am also really proud of the contributions that we made as a Trust into Covid-19 research. We were a major contributor to the RECOVERY study that has made a number of breakthroughs such as better treatment of very sick patients using a readily available steroid drug, and almost 200 of our own staff took part in the SIREN study over the year. That study, involving asymptomatic testing to gain a better understanding of how the virus spreads and develops, not only contributed to better disease management but also ensured we had some early warning of infection among our own teams

I know that we can emerge stronger and the key to our success lies in our five-year strategy 'Our Future FHFT', which launched on 1 April 2020. Remarkably, we continued to deliver on our strategic objectives throughout 2020-21. In fact, the unprecedented challenges that the pandemic presented helped to accelerate many elements of our strategy to ensure Frimley Health can meet the needs of our communities in the future.

Key achievements

Our future FHFT strategy 2020 – 2025, which was approved after almost a year of consultation with staff, stakeholders, health and care partners and our communities, launched on 1 April 2020. Our vision is 'to be a leader in health and wellbeing, delivering exceptional services for our local communities'. This vision is underpinned by our Trust values:

- Committed to excellence
- Working together
- Facing the future

Our values are supported by six strategic ambitions:

Through this strategy we will deliver significant improvements over the next five years, including the following:

To help drive the pace of change needed for our ambitious strategy we appointed Caroline Hutton to the new executive role of Director of Transformation, Innovation and Digital Services in June 2020 and introduced the Frimley Excellence programme as a key component of how we will achieve our strategic ambitions. Frimley Excellence, which was launched last year, will develop a continuous improvement culture to support improvement and transform services.

Digital and technology development

Our plans for our digital capability are fundamental to our success in the future. Following an extensive procurement, we were delighted to announce that we had selected Epic Systems for our new electronic patient record (EPR) – the overwhelming choice of many clinicians who had been involved in the decision-making process. Epic EPR, which represents the biggest single IT investment ever made by the Trust, will bring 280 different databases and systems together as one. On 26 March 2021 we began the one-year countdown to the launch of Epic EPR. The system will transform the way we care for our patients, putting our patients at the forefront of their own healthcare and allowing them to manage their own appointments, interactions and records with us as a healthcare provider. But our digital strategy is about more than the EPR, it is about our infrastructure - we invested £3.5m to upgrade Wi-Fi across all our Trust sites plus £3.6m to update devices and a further £2.5m on cloud-based storage to improve mobile working.

We want our patients to benefit from the latest advances in technology and medicine. Investment in the next generation of robotic surgery – the CMR Versius robot – is helping to deliver our digital ambition to use innovation and technology to provide the latest care for our patients. The new robot is smaller and more portable than previous robots and can therefore be more versatile. We are using the robot for colorectal and urological surgery and hope to expand its usage with the ambition of performing 425 robotic surgeries during 2021-22.

Community services development

On 1 April 2020, Frimley Health began an £85 million contract over five years to run community services in North East Hampshire and Surrey Heath. The service proved invaluable over the pandemic period, providing extra capacity for patients, support for efficient discharges, ambulatory care to avoid hospital admissions and virtual wards where care is provided at home by clinicians. Among the community services achievements in their first full year as part of Frimley Health were:

- Introduction of a night nursing service to support patients at home out of hours rather than at hospital. These have predominantly been patients approaching the end of their life who want to spend their last days at home.
- A new community matron role supporting patients with long-term conditions. This role promotes proactive disease management and supports patients to manage their own conditions.
- Implementing a shared electronic patient record which supports the ethos of patients only needing to tell their story once.
- Collaboration between specialist services, hospital clinicians, general practice and community services teams to develop new care pathways for diabetes, Parkinson's and respiratory patients, with end-to-end care from hospital to home.
- Stronger social care, voluntary sector, mental health and general practice links.

Key service developments and improvements

The following summarises some of our key service developments and improvements that we delivered in this year – a remarkable achievement given the challenges of managing the pandemic.

Key service developments and improvements 2020-21

Community services contract award – £85m, five-year deal for north-east Hampshire, Farnham and Surrey Heath.

Diabetes technologies expansion - £207,000 invested in consultant, specialist nurses and dietician at Frimley Park to support diabetes patients to manage their condition with insulin pumps and smart monitoring devices, resulting in better self-care and fewer hospital visits.

Paediatric respiratory service - £318,000 for consultant and nurses based at Frimley Park to provide a specialist asthma service, helping to educate children and families to manage their condition and reduce unplanned hospital visits and crises.

Vascular hub expansion at Frimley Park, in partnership with St George's Hospital – Service transfer from Ashford and St Peter's to expand coverage of complex arterial procedures to the population of Surrey and surrounding areas.

MRI - £1.8m for a second magnetic resonance imaging machine at Wexham Park, helping to reduce waiting times and length of stay for patients

SDEC (same day emergency care) services – Streamlining access to urgent care services and ensuring more patients are seen promptly without needing to be admitted.
Ward 7/8 improvement ay Wexham Park – creating one of the region's advanced units for patients with dementia with a bright, well-lit, calm environment.
Radiology home working - £408,000 invested in technology to allow radiologists to work more flexibly, leading to quicker turnaround times.
Urology laser – State-of-the-art laser treatment of bladder tumours at Heatherwood Hospital urology unit. Allows treatment in outpatients setting rather than lengthy surgery
Refurbishment and expansion of Wexham Park mortuary - £400,000 to improve mortuary environment.
Berkshire and Surrey Pathology Services Lighthouse Laboratory – commissioned by NHS England to support Covid Test and Trace (Frimley Health is a partner in BSPS)
BSPS network expansion to include Surrey and Sussex Hospitals NHS FT.
Expansion of First Contact Practitioner - £14,000 to provide advanced practitioner input in GP practices to help manage, advise, refer and treat musculoskeletal conditions.
Modular endoscopy unit - £3m investment at Wexham Park, including £1.8m from NHS England, to support cancer pathways and faster diagnostic standards.
Versius robot – Allows surgeons to operate on a range of patients using keyhole technology, reduces wound size and risk of infection and speeds up recovery.
Trust Wi-Fi Infrastructure - £3.1m improvement to support agile working and development of the Epic single patients record.

Estates and infrastructure

Among the more significant components of our strategy that we progressed was the development of our fantastic new £99m Heatherwood Hospital. The construction, which will replace numerous ageing hospital buildings at the Ascot site, will be a centre of excellence for elective surgery, with six state-of-the-art operating theatres with 42 inpatient beds and 22 day-case cubicles, along with extensive outpatient and diagnostic services and associated facilities. We managed to keep construction work on time and on budget despite the pandemic and the main building work is almost complete. Soon, our construction partners Kier will hand over the building to the Trust for fitting out and we expect to see our first patients in the winter of 2021-22. Over the next decade we expect patient numbers at Heatherwood to double from existing levels, and the range and quality of services on offer to grow in line with future demand. We believe this state-of-the-art facility will be the best centre for planned care in the country.

We also continued with other investments in our estates and infrastructure. For example, we saw the opening of a new endoscopy suite at Wexham Park, which will help us deliver one of our services most in demand as a result of the disruption caused by the pandemic. The new outpatient unit took just two and a half months to build and will examine 180 patients a week to help ensure all suspected cancer cases will have a definitive diagnosis within 28 days of a referral.

It will also support the Public Health England Bowel Cancer Screening programme and enable specialist training for endoscopists. Other examples of infrastructure investment are included in the previous table of key service developments

Integrated Care System (ICS) and Partnerships

We continued to work with partners across the Frimley Health and Care ICS to develop better pathways for patients that are more joined up, reduce the need for in-hospital care and ensure best practice across our whole community. Our collective intelligence of population health needs, including wider determinants of care such as housing and income, are continuing to shape our shared ICS vision of creating healthier communities. Our collaboration also helped our pandemic response, particularly in supporting medically vulnerable members of the community and helping to reduce mortality rates over the second wave.

We worked with our colleagues in the ICS to develop a roadmap to define what we need to do to ensure the future success of the ICS and making sure we are working together to deliver the system's strategic objectives and vision to create healthier communities. The roadmap is in line with the Government's proposed health and care bill published in February 2021 and includes provision for provider collaboratives - with acute, primary care, mental health, ambulance and social care providers working more closely together and aligning tactical functions. There is also recognition of a need for greater strategic alignment with providers from neighbouring systems. Another function of the road map is a provision for place-based working to retain a local focus where it is needed and to address health inequalities across the system. The roadmap also identified the need for closer financial arrangements and a clearer overall governance structure for the system. It will help to accelerate our journey towards better, more integrated, care for our communities.

Performance, quality and finance

Despite the impact that the pandemic had on our services, non-Covid activity still made up most of our clinical work. In addition to emergency work we carried out about 45,000 planned surgeries, which was more than half the previous year, and saw about 840,000 outpatients, some 85% of the previous year's total. I am also really proud that we continued to be there for our community when they needed us by continuing to provide emergency and urgent services, including emergency departments, heart attack centres and urgent stroke care.

While we can be proud of much of our performance throughout the year, managing the Covid pandemic had a significant impact on our usual performance metrics, particularly in relation to access to non-emergency services. This was a pattern across the NHS resulting from the pandemic focus. We were among the national leaders on access to cancer services, which is an outcome of exceptional performance from multiple services. Frimley Health has consistently been among the best performers in the country and following the first Covid wave the Trust was the first in the region to restore the standard. In December Frimley Health was number one in the country and again led the way on restoring the metric after the second wave, although challenges remain.

The same is true of access to diagnostic tests and, in addition, our waiting lists have been significantly impacted with the overall list growing to more than 43,000 patients and 67.3% of patients receiving treatment within 18 weeks of referral from a GP – short of the 85% target although a stronger position than most NHS trusts affected by the pandemic.

Our mortality rate, as measured by the Summary Hospital Mortality Index, was below the standard index (expected rate after adjustments). Survival rates from Covid benchmarked well and we are proud that thanks to improvements in our understanding of the disease and treatment options, survival rates were even stronger in wave two than wave one. We believe this resulted in preventing more than 200 additional deaths. We had fewer cases of patients developing Clostridium difficile infections than our target (41 with a target of 60 for the year). However we reported increased numbers of never events (seven) and MRSA infections (10) during the year and we are continuing to support staff to be able to maintain best practice even during the periods of sustained heightened pressure, for example through the launch of our human factors training. The Trust finished the year with a reported 77 serious incidents compared with 92 last year. We continued our focus on preventing falls – after an increase in falls during January related to the challenges in managing patients in the Covid-19 environment, we have returned to our original position.

Our staff vacancy rates for the year were the lowest we have recorded as a Trust, falling as low as 7% and ending the year on 8.5% of establishment. This was a factor in our spending on agency staff to cover temporary gaps in workforce need reducing to 3% of the total pay bill, below our 4% target. Mandatory training was also above target at 91%, but with appraisal rates falling to 71% as a reflection of time pressures during the year we are prioritising this during the first quarter of the current year. Our heightened sickness rates were a result of Covid-19 infection.

Uncertainty as the pandemic unfolded made financial planning throughout the year extremely difficult, so I am delighted that we finished the year in a break-even position as requested by our regulators. While additional Covid-related costs had been met centrally during the first half of the year, we had to manage our budget within set parameters for the second half of the year. Our Efficiency and Excellence Plan (also known as CIP, or cost improvement plan) of £7.5m for the second half of the year finished broadly on plan, although the majority of the savings were as a result of non-recurrent underspend.

Community support

This was an unprecedented year, but it was also a year in which communities and partners came together to support each other and we are grateful for all the support we received this year. There is no doubt that the multiple demonstrations of support and unity from our community were invaluable for our staff. Over the course of the first wave between April and June we had more than 600 deliveries from local companies to staff, 5,000 grocery bags from local supermarkets, 1,500 welfare boxes and more than 20,000 meals.

We received more than £1m in public donations related to Covid, including a share of the NHS Charities Together funding, much of which from raised by Captain Sir Tom Moore’s sponsored walk. Some of this money was used to refurbish 51 staff rest areas - something staff told us they would value most, as finding space to decompress away from busy wards and departments was difficult.

The money also supported mental health first aid training, tablet consoles to enable families to keep in touch with patients in our hospitals while visiting was suspended, wellbeing events and psychological support.

In particular, I would like to thank Steve Roots our Freedom to Speak Up Guardian and our Freedom to Speak Up Champions for their visibility across the Trust during the pandemic and their focus on staff wellbeing. I was grateful for the assurance provided in response to concerns raised and their alerts to the many pressures and changes that staff were experiencing.

We are also extremely grateful for the continued support of our volunteers, who did as much as Covid restrictions allowed to help our staff and patients throughout the challenging year. During the second wave we also funded a revisit from Project Wingman – the team of furloughed and former airline staff who laid on a first class lounge experience for our weary NHS staff – and provided free drinks, snacks and refreshments to staff at the busiest period (January to March) and extended opening of our staff restaurants to support them. We are grateful for all the support from our volunteers and we look forward to welcoming many more of them back as restrictions are eased this year.

I finish by reiterating my pride and admiration for all the teams here at Frimley Health. As we reflect on an unprecedented year, we recognise the challenges that lay in the year ahead as we recover and restore our services but also the phenomenal and exciting opportunities in the year ahead in which we will see the opening of the fantastic new Heatherwood Hospital, launch our new digital systems, improve the care and quality of our services and develop more ways of working with our partners for the benefit of the communities we serve.

Neil Dardis
Chief Executive
10 June 2021

Overview of performance

The following section outlines the Trust's purpose, core strategy and activities for the year ending 31 March 2021, along with associated future issues and risks.

The Trust, its purpose and activities

Wexham Park Hospital

Frimley Park Hospital

Heatherwood Hospital

Community Services

Frimley Health NHS Foundation Trust delivers services from three main hospital sites: Wexham Park Hospital in Slough, Heatherwood Hospital in Ascot, and Frimley Park Hospital, near Camberley. Additionally, the Trust delivers outpatient and diagnostic services from Bracknell, Aldershot, Farnham, Fleet, Windsor, Maidenhead, and Chalfont St Peter, bringing a range of services closer to these communities. Since January 2017 the Trust has been running community services in North East Hampshire and Farnham, and from 1 April 2020 this has expanded to include Surrey Heath. As a key partner in the Frimley Health and Care Integrated Care System, the Trust also works with partners to support provision of integrated care services and patient pathways across the catchment.

With around 10,000 employees across three principal sites, Frimley Health NHS Foundation Trust provides NHS hospital services for 900,000 people in Berkshire, Hampshire, Surrey and South Buckinghamshire. As well as delivering a full range of district general hospital services to its population, the Trust provides specialist acute consultant delivered services across a wider catchment in the following areas:

- Primary percutaneous coronary intervention (pPCI: heart attack treatment)
- Vascular
- Stroke
- Spinal
- Cystic fibrosis
- Plastic surgery

Wexham Park Hospital opened as a general hospital in 1965. Heatherwood Hospital began in 1922 as a tuberculosis and orthopaedic hospital for children before it was managed by the newly formed NHS in 1948. Heatherwood and Wexham Park Hospitals NHS Foundation Trust formed in June 2007.

Frimley Park Hospital, built in 1974 to serve a much smaller population than its current catchment, was the first acute trust in the south of England to achieve foundation status in April 2005. Since then, its performance has ranked among the best in the country.

The Trust, formerly known as Frimley Park Hospital NHS Foundation Trust, is a statutory body which acquired Heatherwood and Wexham Park Hospitals NHS Foundation Trust on 1 October 2014, changing its name to Frimley Health NHS Foundation Trust. The transaction was the first ever successful foundation trust to foundation trust acquisition.

Frimley Health NHS Foundation Trust has 11 operational directorates in the following areas:

- Emergency Department
- General Surgery and Urology
- Maternity and Gynaecology
- Medicine
- Orthopaedics and Plastics
- Community and Older People
- Pathology
- Paediatrics
- Radiology
- Specialist Surgery
- Theatres, Critical Care and Anaesthetics

Perspective on performance

The Trust is focused on delivering clinical excellence for patients by sharing best practice across all sites to consistently achieve the highest standards of care nationally, using leading-edge diagnostics, techniques and service innovation to provide first-rate services for patients.

While the Trust already has several specialist acute services, it continues to look to develop high quality new ones. The Trust continues to work in and with its communities, including our partners in the Frimley Health and Care Integrated Care System (ICS), to deliver quality care in a local setting and will face the future with a continued drive for efficiency and improved service delivery. We will learn from national and international best practice and continually seek opportunities to improve.

Activity data and review

The challenges of Covid-19 had a significant impact on activity over the year. Most non-urgent elective activity was stopped during the surges in infection rates and hospitalisations in April 2020 and January 2021, a pattern that was repeated across the NHS. Most operating theatres were unable to be used for long periods due to redeployment of staff and resources, infection control measures and theatre space being utilised for intensive care and high dependency medical patients.

Through better planning and preparedness following the first wave, far fewer elective procedures needed to be postponed over the second winter surge and the restoration of theatres and elective care was smoother, even though the number of Covid-19 patients peaked at more than twice the level of the first wave. Over the course of the year our teams did a remarkable job under difficult circumstances to ensure that some 60% of elective work was maintained overall, amounting to more than 60,000 day case and inpatients procedures, and that all emergency services, including emergency department (ED) care and admissions, heart attack and stroke interventions, were fully retained throughout. In addition, the number of babies born under our care was only fractionally down on last year. Referrals from GPs were also much reduced during the pandemic surges, affecting outpatient activity, but by the end of the year referral rates were restored. During 2020-21 we completed some 718,000 outpatient appointments, nearly 80% of the previous year.

Attendances and admissions to the Emergency Department were down about 20% over the year to 193,473, halving at one point during the first pandemic surge as patients avoided coming to hospital and the Trust and our health and care partners developed effective alternatives to hospital-based care. However, attendances quickly returned to pre-Covid levels following the second surge.

Despite the great work of our teams in Frimley Health and our healthcare partners, the impact of the pandemic over many months has significantly increased waiting times across the NHS. Reducing this will remain one of our biggest challenges for the year ahead and probably beyond. The number of patients on our waiting list has increased about 20% from last year, but more significant is the longer times patients are having to wait for non-emergency procedures.

Outpatient activity

1 April 2020 – 31 March 2021	Frimley Park Hospital	Wexham Park and Heatherwood Hospitals	Frimley Health NHS FT
New attendances	127,115	111,731	238,846
Follow-up attendances	251,604	228,037	479,641
Total	378,719	339,768	718,487

Elective activity

1 April 2020 – 31 March 2021	Frimley Park Hospital	Wexham Park and Heatherwood Hospitals	Frimley Health NHS FT
Day cases	26,401	26,033	52,434
Overnight	4,582	3,496	8,078
Births	5,190	4,042	9,232
Total	36,173	33,571	69,744

Non-elective activity

1 April 2020 – 31 March 2021	Frimley Park Hospital	Wexham Park and Heatherwood Hospitals	Frimley Health NHS FT
Emergency Dept attendances	100,033	93,440	193,473
Non-elective admissions	40,448	42,056	82,504

Patients on waiting lists at 31 March 2021

	Frimley Park Hospital	Wexham Park and Heatherwood Hospitals	Frimley Health NHS FT
Outpatients	20,081	13,430	33,511
Inpatients	6,422	3,454	9,876
Total	26,503	16,884	43,387

Note for information:

- Day cases include regular attenders
- A&E attendances includes all attendances (new / unplanned / planned)

Trust future priorities for service development

Our priorities for the year ahead (2021-2022) were outlined in delivery plans published as part of our strategy 'Our Future FHFT' and have been reviewed and updated following events of the past year. Among the key priority areas on our current agenda are:

- **Covid recovery plans –** to ensure all learning from our experience over the past year is captured and incorporated into ways of working, including listening to all staff
- **Heatherwood Hospital –** completion and opening of our new £99m hospital at Heatherwood in Ascot.
- **Epic EPR (electronic patient record) –** working to a March 2022 go live date for our transformative system that will provide clinically and operationally rich data at anytime, anywhere.
- **Digital strategy –** to continue to modernise and consolidate systems and infrastructures.
- **Virtual consultation and remote care –** maximising the benefit of the positive uptake over Covid by increasing in scale for better quality and efficiency of care.
- **Community services –** to continue working with partners to integrate secondary and community care to better support patients, for example the recent Hospital@Home pilot scheme.
- **Frimley Excellence –** to develop a continuous improvement culture and capability across the workforce to support transformation of services.

Key issues and risks

The impact that the pandemic has had on the Trust and the threat it continues to pose remains the biggest uncertainly to our services, workforce and community. Although infection rates in the UK have declined since February and the rollout of the vaccine has been a success, the threat from future surges, for example from new variants, means that safeguards must remain in place and we have to be prepared for potential future Covid waves. These infection control safeguards have the potential to reduce efficiency and increase costs over an unknown period. It is with this backdrop that we are facing a challenge dealing with a backlog of elective work that has built up during the pandemic, and a potential increase in undiagnosed and untreated conditions and mental health issues resulting from reduced access to healthcare services during community lockdowns. The long-term effects of Covid-19 infections and the impact these will have on services are still not well understood, and we have been working with partners to create a pathway for patients with 'long-Covid' conditions.

During the year, extra costs associated with our pandemic response have been met centrally, allowing the Trust to finish the year in financial balance. However, longer term funding for the NHS is less certain, and financial arrangements for the second half of 2021-22 have not yet been announced. The Trust decided in March 2021 not to restart plans to develop a wholly owned subsidiary to manage some of our support services. This was due to several factors that had changed throughout the year that no longer made the plans, which were suspended in March 2020 at the start of the pandemic, favourable. The subsidiary plan had the potential to deliver significant tax and efficiency savings over the next five years, so we are now exploring alternatives opportunities in order for us to be able to deliver our investment into patient care.

Construction of our new Heatherwood Hospital remains on budget and is scheduled to open in the winter of 2021-22, which will require a strong operational focus over the coming months. The pressures and changed priorities resulting from the past year mean that our service modelling has had to adapt, and there is less certainty over our activity and income assumptions. For services to be sustainable and enable our plan to double patient activity over the coming decade we will need to engage colleagues and partners in developing the right patient pathways and workforce to maximise efficiency and income.

Another critical Trust project with a challenging delivery timetable is our Epic electronic patient record (EPR), which is due to go live at the end of March 2022. This massive investment in our digital infrastructure will bring some 280 different systems and databases into one system, with the potential to deliver transformational change in ways of working and standards of care and for patients to be in control of their own healthcare. In order to deliver the project and realise its potential, a clear focus will be required throughout the year on delivering the system and on staff training and adapting behaviours so that mobile and agile working, using a single patient database to maximise efficiency, safety and quality of care, become the norm.

Most of the original building at Frimley Park Hospital, which was built in the early 1970s to a design using reinforced concrete beams, has been identified as a potential future risk due to a recognised defect as the concrete material deteriorates over time. Although the Trust has commissioned extensive surveys on an ongoing basis and has ensured good repair of the roof covering to maintain safety and to mitigate against further deterioration, NHS England expects that all NHS buildings using this design will be replaced by 2035. We are currently exploring options, and we are working with NHSE and trusts in a similar position to find the best long-term solution while carrying out all necessary actions to assure ourselves that the building remains completely safe and operational.

The extraordinary events of the past year have also created opportunities to accelerate some of our strategic objectives and to innovate more creatively. With the significant additional challenges we are facing, it is vital that we maximise all these opportunities to deliver efficiency and performance improvements.

The Trust incorporates these risks and others through its Board Assurance Framework, which enables Board-level oversight of how we monitor and mitigate the most significant risks.

Going concern

After making enquiries, the directors have a reasonable expectation that Frimley Health NHS FT has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Neil Dardis
Chief Executive
10 June 2021

ACCOUNTABILITY REPORT

Directors' Report

The directors are responsible for preparing the Annual Report and Accounts and consider the Annual Report and Accounts taken as a whole are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the Frimley Health NHS Foundation Trust's performance, business model and strategy.

The Board of Directors, led by the Chairman, sets the strategic direction of the Trust and is responsible for the organisation's decision-making and performance to ensure the delivery of high quality, safe and efficient services.

Our Board of Directors

The biographies of directors that served on the Board during the year ended 31 March 2021 are detailed below.

Non-executive directors

Pradip Patel B.Pharm (Hons.), MBA, CDiAF, CBAdmin, FCMI, MRPharmS

Chairman

Appointed: 1 April 2016
End of tenure: 31 March 2022

Pradip was appointed to the Trust as Chairman of the Board of Directors and Council of Governors in April 2016. In May 2018, following a recommendation from the Non-Executive Performance and Remuneration Committee, the Council of Governors approved the extension of Pradip's term in office by a second term to 31 March 2022.

Pradip is an accomplished senior executive with a wealth of experience in complex and regulated organisations. He started his career as a pharmacist in 1977 in Boots and has gone on to hold senior roles in marketing, property and planning, sales and operations, HR and strategy. Between 1999 and 2010 Pradip held various director roles on a regional and national level. This included Director of Pharmacy and Pharmacy Superintendent; Managing Director for Boots Opticians and Executive Chairman for that business following its merger with Dollond & Aitcheson. He was also Director of Healthcare Strategy at Walgreens Boots Alliance from 2012. Before he joined Frimley Health, Pradip was a non-executive director at Hillingdon Hospital NHS Foundation Trust in London for four and a half years, serving as both Deputy Chairman and Senior Independent Director.

He is a Fellow of the Chartered Management Institute, Fellow of the London School of Pharmacy and a Member of the Royal Pharmaceutical Society of Great Britain.

Rob Pike ACIB

Independent non-executive director

Appointed: 1 April 2011
End of tenure: 31 March 2022[1]

Rob retired in 2009 after a 40 year career in financial services which culminated in a role as director of operations for Europe and Middle East for the Royal Bank of Scotland Group. He was previously director of operations in the UK where he had responsibility for more than 5,000 employees, running a network of operations centres.

He was a senior executive at NatWest at the time of its acquisition by the Royal Bank of Scotland and subsequently led the successful integration of the two networks of operations centres. He was directly responsible for managing the IT and transformation integration activity of those operations and was heavily involved in the post-acquisition HR and systems integration.

Having successfully undertaken several senior customer facing roles he was invited to join the board of the Customer Contact Association (CCA) in 2004. He chaired its Industry Council from 2006-2008 and was Chair of the CCA Global Standards Council until 2016.

Mike O'Donovan BA (Hons)

Independent non-executive director

Appointed: 14 October 2014
End of tenure: 31 March 2022[2]

Mike spent 30 years in the consumer healthcare industry holding managing director positions in the UK and overseas as well as global corporate roles. In 2002 he left industry to become chief executive of the Multiple Sclerosis Society, a position he held until 2006. Since then he has held several non- executive director and trustee positions including co-chair of National Voices, the leading patient service user advocacy group, member of the management board of the European Medicines Agency and chair of Central London Community Healthcare NHS Trust.

[1] In November 2020, following a recommendation from the Non-Executive Performance and Remuneration Committee, the Council of Governors approved the extension of Rob Pike's term in office by a further year to 31 March 2022.
[2] In November 2020, following a recommendation from the Non-Executive Performance and Remuneration Committee, the Council of Governors approved the extension of Mike O'Donovan's term in office for a further year to 31 March 2022.

In October 2012 he was appointed chairman of Heatherwood and Wexham Park Hospitals NHS Foundation Trust and played a key role in its successful acquisition by neighbouring Frimley Park Hospital NHS Foundation Trust to form Frimley Health NHS Foundation Trust.

Mike is a member of the board of trustees of the South Hill Park Arts Centre.

Thoreya Swage MA (Oxon), MB BS (Lond)

Independent non-executive director

Appointed: 1 June 2015
End of tenure: 31 March 2021[3]

Thoreya has several years' experience in the NHS both as a clinician in psychiatry and a senior manager in various NHS purchasing organisations covering the acute sector as well as primary care development. Her latest NHS post was executive director of a health authority with a remit to develop primary care services including GP commissioning and GP fundholding.

Since 1997 Thoreya has run a successful management consultancy business, developing particular expertise in the field of service reviews and redesign, strategic and leadership development, clinical governance, commissioning and procurement with the NHS and independent sector, and education and training. During 2006-07 she was deputy medical director at the Commercial Directorate at the Department of Health with responsibility to set up the clinical governance processes for the National Independent Sector Treatment Programme.

She has had various teaching roles at King's College, London, Queen Mary University of London and Reading University and has researched and written a number of published articles.

Thoreya was a non-executive director at Barts Health NHS Trust until 31st January 2020 and is a non-executive director at Solent NHS Trust.

[3] On 31 March 2021 Thoreya's term of office came to an end.

Dawn Kenson BSc Hons, ACII, Dip PFS

Senior independent non-executive director

Appointed: 1 June 2015
End of tenure: 31 March 2022[4]

Dawn spent over 20 years in financial advisory services predominantly with The Woolwich and then, following its takeover, with Barclays Bank.

She was managing director of Woolwich Independent Financial Advisory Services before becoming director of independent financial advice operations for Barclays where she had responsibility for the bank's combined regulated advisory forces.

She left Barclays in 2005 to concentrate on non-executive work in the public sector. She is currently a non-executive director at Raven Housing Trust and served with the Northern Ireland Office until October 2020.

John Weaver

Independent non-executive director

Appointed: April 2017
End of tenure: 31 March 2023[5]

John worked for BT plc from 1984 until retiring in March 2019; a career which included such roles as Director of Wholesale Managed Services, Transformation Director for Global Networks and, most recently, Vice President for Contract Design, leading the technical design team within BT's Global Services business. John also spent two years on secondment to the Board of J-Phone, a leading Japanese mobile phone operator, where he was responsible for the development of all non-voice services.

In addition to his career at BT, John has also been an executive director of the Thames Valley Local Enterprise Partnership, a member of the CBI South East regional council and a non- executive director for both Hastings Academies Trust and ThirdSpace Ltd, an award winning UK based technology solutions provider**.**

[4] In November 2020, following a recommendation from the Non-Executive Performance and Remuneration Committee, the Council of Governors approved the extension of Dawn Kenson's term in office for a further year until 31 March 2022.

[5] In November 2019, following a recommendation from the Non-Executive Performance and Remuneration Committee, the Council of Governors approved the extension of John's term in office for a second term to 31 March 2023.

Michael Baxter

Independent non-executive director

Appointed: 1 April 2020
End of tenure: 31 March 2023

Michael grew up in Guildford and completed a BSc and PhD in biochemistry at the University of Birmingham. He studied medicine at Nottingham University and was appointed consultant in diabetology, endocrinology and general physician at St Peter's Hospital in Surrey in 1992 where he went on to be Clinical Director of Medicine, then Medical Director for 10 years, including five years as Deputy CEO. During this time, he was involved in the successful merger with Ashford Hospital in Middlesex and the associated re-modelling of services, and in the Trust's successful application for foundation trust status.

He was the secondary care clinician on several local clinical commissioning groups, including Slough CCG, during their set-up phase. He is currently in private clinical practice in Surrey, specialising in diabetic and endocrine problems. He is a medical therapy expert in diabetes for Sanofi, working with the global UK and Japanese affiliates, and is a non-executive director at Ashford and St Peter's Hospitals NHS FT. He was recently appointed as an honorary professor of medicine at the University of Swansea.

Bryan Ingleby

Independent non-executive director

Appointed: 1 April 2020
End of tenure: 31 March 2023

Bryan is a Chartered Accountant and ICAEW (Institute of Chartered Accountants in England and Wales) Business and Finance Professional. He worked at the National Audit Office (NAO) for many years, scrutinising public expenditure in many sectors on behalf of Parliament and the taxpayer.

He left the NAO in 2014 to concentrate on non-executive roles across the public and third sectors. In addition to his role with Frimley Health, he has board-level roles with an NHS community provider, a housing association, the Department for Business, Energy and Industrial Strategy and an education-based IT company. He also chairs the Surrey County Council independent remuneration panel. Prior to joining Frimley Health, Bryan was lay member at West Kent Clinical Commissioning Group.

Executive Directors

Neil Dardis

Chief Executive

Appointed: March 2018

Neil has worked in the NHS for over 20 years, with extensive Board and senior management experience. He was formerly chief executive at Buckinghamshire Healthcare NHS Trust from April 2015, having joined as deputy chief executive and chief operating officer in 2013 and prior to this he was director of operations at East and North Hertfordshire NHS Trust.

Neil graduated from Durham University with a degree in history, has a diploma in health service management and has studied at the London Business School and Cambridge University Judge Business School. He has also been a member of the NHS Top Leaders Programme and worked with the King's Fund on system leadership.

Neil chairs the Oxford Academic Health Science Network's clinical innovation and adoption group, and was formerly the Buckinghamshire SRO for the Buckinghamshire, Oxfordshire and Berkshire West's STP. He also sits as part of the NHS Improvement Chief Executive Advisory Panel.

Janet King MA Law, FIPD, CPP

Director of HR and Corporate Services and Deputy Chief Executive

Appointed: 1991

Starting her career in the civil service, Janet joined Frimley Park Hospital in 1987 working for West Surrey and North East Hants Health Authority as personnel manager. She became a director of Frimley Park Hospital NHS Trust in 1991 and was appointed Deputy Chief Executive in October 2017. Her portfolio included human resources management, non-clinical support services, estates and capital planning and company secretariat. Until the time of her departure, Janet was the project director for a number of large capital projects, including Heatherwood Hospital.

Janet left the Trust on 31 October 2020.

Dr Timothy Ho MBE, PhD, SFFMLM, FRCP

Medical Director

Appointed: December 2013

Tim graduated in medicine with distinction from St. George's, University of London. He trained in respiratory and intensive care medicine in London. He was awarded a Wellcome Trust training fellowship and subsequently completed a PhD in molecular microbiology at Imperial College.

Tim has been a consultant chest physician at Frimley Park Hospital since 2004. During this time, he has developed a number of key services including a regional diagnostic service for lung cancer (EBUS), the medical acute dependency unit, and a large obstructive sleep apnoea service. Most recently he has served as the clinical director for medicine and care of the elderly and as the centre director for the Frimley Park adult cystic fibrosis service before becoming the trust's Medical Director.

In 2018 he became a founding senior fellow of the Faculty of Medical Leadership and Management. For his services to the NHS during the Covid-19 pandemic he was awarded the MBE in the 2021 New Year's Honours.

Tim is the professional lead for the doctors and is responsible for the Trust's quality and clinical governance framework.

Nigel Foster BA, CPFA

Director of Finance

Appointed: August 2017

Nigel qualified as an accountant with Oxfordshire County Council before a spell in the private sector working for the business services firm Liberata, where amongst other things he managed a pan-European shared service centre for a subsidiary of ICI. He has been working in the NHS since 2002.

Before joining us he was Director of Finance for three clinical commissioning groups (CCGs) in East Berkshire.

In addition to providing financial leadership for the Trust, Nigel also has responsibility for contracting, information, procurement and, as Senior Information Risk Officer (SIRO), leads on

information governance matters on behalf of the Board. During the year he has also taken on responsibility for estates, including completion of our new Heatherwood Hospital.

He works closely with colleagues across the Frimley Health and Care ICS area and leads the 'Connected Care' IT interoperability project for the ICS which is enabling the sharing of patient records between primary, secondary and social care, and provides a platform for advanced analytics.

Dan Bradbury MA LLB (Hons)

Chief Operating Officer

Appointed: October 2019

Dan oversees the day-to-day delivery of services across Frimley Health, with a particular focus on emergency access, cancer and referral to treatment. He previously served as Chief Operating Officer at Epsom and St Helier University Hospitals NHS Trust in south-west London.

Prior to that he was a Divisional Director of Operations at University Hospitals Southampton where he was responsible for surgery, theatres and anaesthetics, critical care and cancer services.

He retired from his career in the Army and joined the NHS in 2014 through the Executive Fast Track Programme. He was subsequently seconded to senior roles in planned and unscheduled care in a number of acute trusts.

Dan holds a degree in law and a master's from Cranfield University.

Lorna Wilkinson

Chief of Nursing and Midwifery

Appointed: 30 June 2020

Lorna is a highly experienced and respected nursing leader. She joined us from Salisbury NHS Foundation Trust where she was Director of Nursing for six years. Lorna completed her nurse training in London in 1989 and progressed through a number of clinical roles in the capital in specialist units including liver, cardiac surgery and intensive care. She later moved into senior nursing and quality roles, serving as Deputy Director of Nursing at Salisbury and at Portsmouth Hospitals NHS Trust. Lorna has had a long held interest in patient safety, patient experience, and quality improvement. She is the professional lead for nurses, midwives, allied health professionals and healthcare scientists.

Caroline Hutton

Interim Director of Transformation, Innovation and Digital Services

Appointed: 1 September 2020

Caroline is our executive lead for digital services and continuous quality improvement and leads many of our key change programmes. She began her career in nursing and has many years of operational, transformation and digital experience in senior positions across the NHS. Prior to joining Frimley Health Caroline was Head of Outpatient Transformation at NHS England and NHS Improvement. She was previously at Milton Keynes University Hospital where she held two executive roles: Director of Clinical Services and Director of Service Improvement.

Eleanor Shingleton-Smith

Acting Director of Human Resources

Appointed: 1 November 2020

Eleanor Shingleton-Smith is the Acting Director of Human Resources (HR) and has over 25 years of relevant experience within the health sector and 5 years in the youth charity field.

Her portfolio covers all aspects of HR management and OD including recruitment, payroll, temporary staffing as well as staff engagement, staff and leadership development, occupational health and safety and well-being, equality and diversity and workforce planning.

In recent years, Eleanor has been instrumental in culture change and staff engagement programmes which have culminated in the Trust winning the Chartered Institute of Personnel and Development (CIPD) award for Employee Engagement in 2016 and a CIPD Finalist for the Health and Well-Being Award in 2018 and for HR and Learning and Development Team of the Year in 2020.

Alison Szewczyk

Interim Director of Nursing

Appointed: 1 October 2019

Alison was appointed to the role of interim Director of Nursing, jointly with Maxine McVey, in October 2019 and continued in the role until the appointment of Lorna Wilkinson in June 2020.

She has held senior nursing positions at the Trust for many years, including another spell as interim Director in 2012-13. In her current role as Deputy Director of Nursing she is responsible for driving the nursing quality and safety agenda.

Maxine McVey

Interim Director of Nursing

Appointed: 1 October 2019

Maxine was appointed as the Interim Director of Nursing role, jointly with Alison Szewczyk, from October 2019 and continued in the role until the appointment of Lorna Wilkinson in June 2020.

Maxine qualified in 1986 from St Bartholomew's School of Nursing, London, and she completed a master's degree in nursing in 1998. In her current role as Deputy Director of Nursing, Maxine leads on the patient experience strategy and workforce education.

Other members of staff that served on the Board during the year

John Seymour BMBCh MA(Oxon) PhD FRCP

Deputy Medical Director

John Seymour provided interim cover for the Chief Operating Officer from July 2020 to November 2020.

John graduated in medicine and physiology from the University of Oxford in 2001, before moving on to specialist training in respiratory medicine between 2004 and 2011 in London.

John was appointed a Consultant in Respiratory Medicine at Frimley Park Hospital in 2011, and he was clinical lead for respiratory medicine before being appointed as Chief of Medicine for Frimley Health in 2015. As Chief of Medicine he oversaw the opening of new acute services such as ambulatory care and the emergency assessment centre at Wexham Park Hospital.

John was appointed as acting Deputy Medical Director during the Covid-19 pandemic, and he was formally appointed to the role in September 2020.

Board composition

The Board usually meets 6 times a year in public. The Board monitors the delivery of corporate objectives and targets and provides leadership with regard to strategy, operations, performance, risk, quality assurance and governance.

Under the terms of our constitution the Board comprises the Chairman, at least four other non-executive directors and at least four executive directors, such that at any time at least half of the Board of Directors are non-executive directors.

During the reporting year the Board comprised:

- Eight non-executive directors (including the Chairman)
- Six executive directors (including the Chief Executive)
- Three interim directors and one acting director

Non-executive directors
The term of office for non-executive directors is three years. Thereafter, and subject to satisfactory appraisal, the Council of Governors may approve extended terms in office. The notice period for non-executive directors is three months. The Chairman and non-executive directors may be removed by the Council of Governors in accordance with the constitution.

The changes in relation to non-executive directors during 2020-21 were:

- Rob Pike was appointed to the Board in April 2011 and his term of office was further extended by the Council of Governors in November 2020 until 31 March 2022.
- Mike O'Donovan was appointed to the Board in October 2014 and as a non-executive director. His term of office was further extended by the Council of Governors in November 2020 until 31 March 2022.
- Dawn Kenson was appointed to the Board in June 2015 and her term of office was further extended by the Council of Governors in November 2020 to 31 March 2022.
- Thoreya Swage was appointed to the Board in June 2015 and her term of office ended on 31 March 2021.
- Bryan Ingleby was appointed to the Board on 1 April 2020, for a three year term until 31 March 2023.
- Michael Baxter was appointed to the Board on 1 April 2020, for a three year term until 31 March 2023.

Executive directors
The notice period for executive directors is six months. The Chief Executive and executive directors are subject to annual appraisals which are reported to the Performance and Remuneration Committee.

The changes in relation to executive directors during 2020-21 were:

- Lorna Wilkinson was appointed to the Board as the Chief of Nursing and Midwifery on 30 June 2020.

- Caroline Hutton was appointed to the Board as the Interim Director of Transformation, Innovation and Digital Services on 1 September 2020.
- Janet King, Director of Human Resources and Corporate Services, left the Trust on 31 October 2020.
- Eleanor Shingleton-Smith joined the Board on 1 November 2020, as the Acting Director of Human Resources.
- Maxine McVey and Alison Szewczyk stepped down from the Board as Interim Directors of Nursing in June 2020.
- Due to the creation of a new Director of People role, a recruitment process took place during the year and the successful candidate will join the Trust in June 2021.

As at 31 March 2021, the Trust had seven voting executive directors and eight voting non-executive directors. Therefore, the requirement of having a majority of non-executive directors on the Board was met.

Board Attendance Record

The directors' record of attendance at Board meetings during 2020-21 is recorded below.

Name	Position	Private Meeting	Public Meeting	Total
Non-executive directors				
Pradip Patel	Chairman	10/10	5/5	15/15
Michael Baxter	Non-executive director	10/10	5/5	15/15
Bryan Ingleby	Non-executive director	10/10	5/5	15/15
Dawn Kenson	Non-executive director	10/10	5/5	15/15
Mike O'Donovan	Non-executive director	10/10	5/5	15/15
Rob Pike	Non-executive director	10/10	5/5	15/15
Thoreya Swage	Non-executive director	10/10	5/5	15/15
John Weaver	Non-executive director	9/10	4/5	13/15
Executive directors				
Neil Dardis	Chief Executive	10/10	5/5	15/15
Dan Bradbury	Chief Operating Officer	6/10	3/5	9/15
Nigel Foster	Director of Finance	10/10	5/5	15/15
Tim Ho	Medical Director	10/10	5/5	15/15
Caroline Hutton	Interim Director of Transformation, Innovation and Digital Services	4/4	4/4	8/8
Janet King	Director of HR & Corporate Services	7/7	2/2	9/9
Maxine McVey	Interim Director of Nursing	5/5	1/1	6/6
John Seymour	Interim Chief Operating Officer	2/3	2/2	4/5
Eleanor Shingleton-Smith	Acting Director of Human Resources	3/3	3/3	6/6
Alison Szewczyk	Interim Director of Nursing	5/5	1/1	6/6
Lorna Wilkinson	Chief of Nursing and Midwifery	6/6	5/5	11/11

Board Register of Interests

A register of interests is maintained for the executive and non-executive directors which is published on our website: https://www.fhft.nhs.uk/

Alternatively, a copy of register may be obtained from the Company Secretariat Team:

Dorota Underwood, Committee Officer
Greenwood Offices
Heatherwood Hospital
London Road
Ascot
Berkshire
SL5 8AA

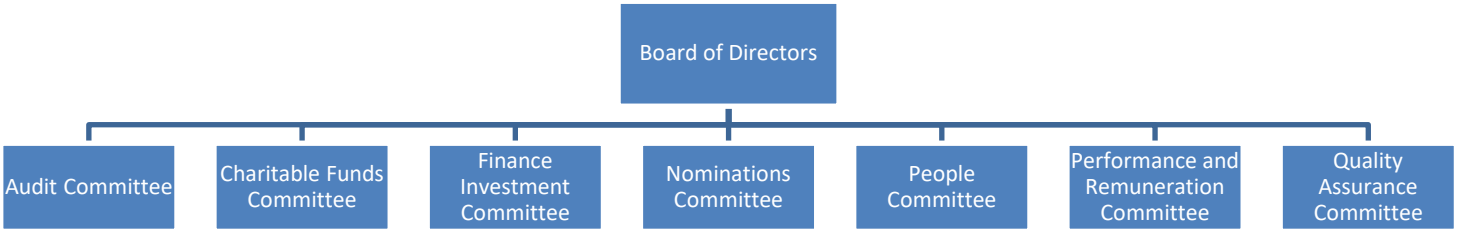
Telephone: 0300 6143 606
Email: dorota.underwood@nhs.net

Board members may also be contacted via the Trust's Company Secretariat Team.

Board Committees

The Trust's board committee structure is illustrated below. The committees provide assurance to the Board on the delivery of the Trust's objectives and other key priorities and their individual responsibilities are set out in the terms of reference.

Board Committee Structure



Audit Committee

The Audit Committee is directly accountable to the Board of Directors for reviewing the adequacy of the governance, risk management and internal control processes within the Trust. In discharging its responsibilities, the Audit Committee primarily utilises the work of our appointed internal and external auditors. The Audit Committee also obtains assurance from other external agencies about the Trust's procedures, such as from the Care Quality Commission (CQC) or NHS Improvement. More specifically, the Audit Committee:

- reviews and discusses the Annual Report and Accounts with the external auditor before the Board of Directors approves the financial statements;

- ensures there is an effective internal audit function that meets the mandatory NHS internal audit standards produced by the Department of Health and Social Care, and reviews the work and findings of the internal auditors;
- agrees the annual schedule of internal audit reviews, receives the relevant reports and follows up on the management issues raised;
- receives and monitors policies and procedures associated with countering fraud and corruption. An independent local counter-fraud service is provided by Grant Thornton and they produce regular counter-fraud progress reports;
- reviews arrangements by which staff may raise confidential concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety and other matters; and
- provides an annual overview of the Trust's assurance framework in relation to the CQC quality standards.

Membership and Attendance

The Audit Committee is chaired by Dawn Kenson, a non-executive director, and the other non-executive director members are Michael Baxter, Bryan Ingleby and Mike O'Donovan. The Audit Committee met five times in 2020/21. The attendance record is recorded on page 42.

During the year, the Director of Finance, the Trust's internal and external auditors, and representatives from the local independent counter-fraud service attended Audit Committee meetings. Additionally, other directors and relevant senior managers from the Trust attended meetings to provide a deeper level of insight or to provide further assurance within their respective areas of expertise.

External auditor – KPMG

The Council of Governors together with the Audit Committee agree the criteria for appointing, re-appointing and removing external auditors.

KPMG was appointed by the Council of Governors to be the Trust's external auditors for a three-year period commencing 1 April 2016.

The Council of Governors was asked to consider extending the contract for an additional two years in May 2019 and agreed to do so, taking the contract end date to 31 March 2021. The Council of Governors considered a further one year contract extension in March 2021 and agreed to do so, taking the contract end date to 31 March 2022.

Internal auditor

During the year ending 31 March 2021, the Trust's internal audit function was carried out by BDO LLP, an independent business assurance provider delivering services to the public and private sectors. BDO LLP were appointed as the Trust's internal auditors on 1 April 2018.

Auditor independence and non-audit services

In order to maintain independent channels of communication, the members of the Audit Committee meet in private at least once a year with the internal and external auditors, and the local counter-fraud service. This provides an opportunity for the independent service providers to raise any issues which may arise without the presence of management.

The Audit Committee reviews and monitors the external auditor's independence and objectivity. The Audit Committee has a policy by which non-audit services and fees provided by the external auditor are approved. In the financial year 2020-21 the Trust did not engage KPMG to provide any additional services over and above the external audit of the financial statements.

KPMG is also the external auditor of Frimley Park Hospital Charitable Funds of which the Trust Board of Directors is the corporate trustee.

The Chair of the Audit Committee confirms the independence of the external auditors to the Council of Governors at its meeting where the Annual Report and Accounts are presented. Any exceptional issues are also reported to the governors during the course of the year.

Main activities of the Audit Committee during the year ended 31 March 2021

During the course of the year the Audit Committee received a number of audit reports from the internal auditors. These included key financial systems, waiting list initiatives, Covid-19 governance, business case management and procurement reviews.

At its meeting in June 2020, the Audit Committee received the annual audit report from the Trust's external auditors KPMG and recommended the Annual Report and Accounts 2019-20 to the Board of Directors for final approval. In September 2020, the Audit Committee reviewed and recommended the Charitable Funds Annual Report and Accounts 2019-20 for approval to the Charitable Trustees.

Following the year end, the Audit Committee considered the draft Annual Report and Accounts 2020-2021 and received the ISA 260 Report from KPMG.

During the year the Audit Committee considered the following risks identified by external audit:

- Valuation of land and buildings and accounting for lifecycle costs;
- Revenue recognition;
- Management override and control; and
- Expenditure recognition.

Policies on fraud and corruption

All of the Trust's policies are published on the intranet and are accessible to all staff. During the year Grant Thornton supported the Trust with counter-fraud investigation and policy reviews, including fraud awareness training and staff communications.

Charitable Funds Committee

The Charitable Funds Committee is chaired by John Weaver and it met three times in 2020-21.

The Charitable Funds Committee has delegated responsibility for the day to day management of charitable funds at Frimley Health NHS Foundation Trust on behalf of the Trustee (the Board of Directors).

Throughout the year the Committee considered the impact of the pandemic on the Frimley Health Charity which was positive owing to the overwhelming public outpouring of donations, and also negative because the usual fundraising activities were curtailed.

Overall, Frimley Heath Charity raised over £2 million in 2020-21 and has an ambitious target to raise £5 million by 2025.

Finance Investment Committee

The Finance Investment Committee is chaired by Rob Pike and it met on nine occasions during the reporting year.

The purpose of the Finance Investment Committee is to provide the Board with an objective view of the financial performance, and financial strategy of the Trust, together with an understanding of the risks and assumptions within the Trust financial plans and projections. The Committee provides assurance to the Board regarding the integrity and deliverability of the Trust's financial and efficiency plans.

The Committee met regularly during the year to receive updates on the Covid-19 financial arrangements, procurement processes and to review the overall budget position. Throughout the year the Committee considered a number of investment proposals and benefit realisation outcomes to provide assurance to the Board regarding its key strategic projects.

Nominations Committee

The Nominations Committee is chaired by the Trust Chairman and it met on three occasions during the reporting year. The other non-executive director members that served during the year were Michael Baxter, Dawn Kenson and Thoreya Swage. The attendance record is recorded on page 42.

The primary purpose of the Nominations Committee is to lead the process for appointments, ensure plans are in place for orderly succession to the Board and oversee the development of a diverse pipeline for succession.

The Nominations Committee is responsible for identifying and nominating members of the Board for approval by the Council of Governors, and advising upon and overseeing their contractual arrangements, in liaison with the Trust's Performance and Remuneration Committee. The Committee's terms of reference were reviewed during the year to clarify its role with regard to succession planning. The main duties of the Nominations Committee are:

- To regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes.

- To identify any missing skills on the Board, and to incorporate them into the job descriptions and person specifications for director posts.
- To agree and recommend to the Board job descriptions and person specifications for all director vacancies.
- To agree and recommend to the Non-Executive Directors (NEDs) on the Board the recruitment and selection arrangements for the Chief Executive and Executive Director posts, including the setting up of an Appointments Panel.
- To liaise with the Non-Executive Director Performance and Remuneration Committee (NERC) of the Council of Governors concerning Chairman and NED appointments and terms of office.
- To recommend the appointment of the Chief Executive (subject to the approval of the Council of Governors) or other Executive Director to the other Non-Executive Directors on the Board of Directors.
- To ensure plans are in place for orderly succession to the Board and oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the organisation, and the skills and expertise needed on the Board in the future.

The executive and non-executive directors are responsible for assessing the size, structure and skill requirements of the Board of Directors and for considering any changes or new appointments as necessary. If a need is identified, the Nominations Committee will produce a job description and person specification and decide if external recruitment support is required to assist with the recruitment process.

In the event of a non-executive director vacancy, the Nominations Committee's membership is enlarged to include governor members of the Non-Executive Performance and Remuneration Committee (NERC). At the conclusion of the selection process, the NERC recommends the preferred candidate to the Council of Governors for appointment.

Non-executive directors are appointed for a three-year term in office. A non-executive director can be appointed for a second three-year term in office, subject to the recommendation of the Chairman on behalf of the Nominations Committee and the Board, followed by the approval of the Council of Governors. A non-executive director's term in office can be extended beyond the second term on an annual case-by-case basis by the Council of Governors, subject to a formal recommendation from the Chairman, satisfactory performance and consideration of the needs of the Board. The removal of the Chairman or a non-executive director requires the approval of three-quarters of the members of the Council of Governors.

The Chairman, other non-executive directors and the Chief Executive are responsible for the appointment of executive directors. The Chairman and the other non-executive directors are responsible for the appointment and removal of the Chief Executive, whose appointment requires the approval of the Council of Governors.

During the reporting year the Nominations Committee met to consider a proposed change to the executive director structure and to approve the appointment of the Director of People.

People Committee

The People Committee met on two occasions in 2020-21 and was chaired by Thoreya Swage.

The aims of the People Committee are:

a) to provide assurance to the Trust Board on all aspects of workforce and organisational development to support the provision of safe, high quality, patient centred care, and
b) to ensure Trust strategic priorities and ambitions, in relation to workforce and organisational development are delivered in an affordable manner and any identified corporate risks are managed.

During 2020-21, the People Committee received updates on the Trust resourcing plan and considered the impact of the National People Plan and its alignment with the Trust's People Plan. The Committee was presented with the internal audit report for sickness management and vacancy controls and discussed the learning and action plans. The main areas of focus during the year were equality and diversity, raising concerns and staff health and wellbeing in the light of the Covid-19 pandemic.

Performance and Remuneration Committee

The role of the Performance and Remuneration Committee is recorded in the Remuneration Report from page 55.

Quality and Assurance Committee

The Quality Assurance Committee is chaired by Mike O'Donovan and met six times during the reporting year.

The purpose of the Quality Assurance Committee is to provide assurance to the Board of Directors that there is an effective system of risk management and internal control across the clinical activities of the organisation that supports the Trust's ability to provide excellent quality care.

The Committee provides assurance to the Board by:

a) ensuring that the strategic priorities for quality assurance are focused on those which best support delivery of the Trust's quality priorities in relation to patient experience, safety of patients and service users and effective outcomes for patients and service users;

b) reviewing the independent annual clinical audit programme;

c) ensuring compliance with regulatory standards and statutory requirements, such as the review of the Annual Quality Report.

During 2020-21, the Committee received regular updates on the Trust's quality improvement priorities, including reducing the number of serious incidents relating to deteriorating patients, improving the safe transfer of care from hospital to home and reducing inpatient falls.

The Committee was kept appraised of the impact of Covid-19 throughout the year and received regular updates on infection control, mortality, patient experience and patient quality.

Board Committee Attendance

Name	Position	Audit	Nominations	PRC
Non-executive directors				
Pradip Patel	Chairman	N/A	3/3	5/5
Michael Baxter	Non-executive director	4/5	3/3	5/5
Bryan Ingleby	Non-executive director	5/5	N/A	N/A
Dawn Kenson	Non-executive director	5/5	3/3	5/5
Mike O'Donovan	Non-executive director	5/5	N/A	N/A
Executive directors				
Neil Dardis*	Chief Executive	1/1	3/3	5/5
Nigel Foster	Director of Finance	5/5	N/A	N/A

***** The Chief Executive is a full member of the Nominations Committee for all appointments other than CEO.

Board, committee and directors' evaluation

The Board of Directors is satisfied that its balance of knowledge, skills, and expertise is appropriate to fulfil its function in accordance with the requirements of the NHS Foundation Code of Governance and the Trust's Terms of Authorisation.

The annual appraisal of the Chairman involves collaboration between the Senior Independent Director, relevant external stakeholders and the Lead Governor of the Council of Governors to seek the views of directors and governors. The performance of non-executive directors is evaluated annually by the Chairman. The Non-Executive Performance and Remuneration Committee has oversight of non-executive director appraisal.

The Chief Executive reviews the performance of the executive directors during their annual appraisal and the Chairman is responsible for the Chief Executive's annual appraisal. The Performance and Remuneration has oversight of executive appraisals.

Council of Governors and Membership

The Council of Governors represents the views of patients, public members and staff and it comprises elected public and staff members, together with appointed representatives of partner organisations. The governor role is voluntary, and the Council is primarily responsible for assuring the performance of the Board.

The Council has 22 Governors including:

- 15 Public Governors (elected)
- 3 Staff Governors (elected)
- 4 Stakeholder Governors nominated from partnership organisations

On 31 March 2021, all of the 22 governor seats were occupied.

Governors normally hold office for three years and are eligible for re-election or re-appointment at the end of their first or second term. Governors may not hold office for more than nine consecutive years.

Lead Governor

The Council elects one of its members to be the Lead Governor to be the point of contact, that might be necessary in extreme circumstances, between NHS Improvement (formerly Monitor the independent regulator) and the other governors. The Lead Governor is also the main point of contact for the Chairman, the Senior Independent Director and the Company Secretary. During the reporting year, Dr Robert Bown, public governor for Surrey Heath & Runnymede, was the Lead Governor until his term of office came to an end on 31 October 2020. Following an election that was held in November 2020, Rod Broad, public governor for Windsor and Maidenhead was appointed as the uncontested Lead Governor.

The following table records the names of our governors as of 31 March 2021 and their terms in office.

Constituency	Governor	Date first elected	End of tenure	Term of office
Elected Governors (15)				
Bracknell Forest and Wokingham	John Lindsay	1 Apr 14	31 Oct 22	2nd
Bracknell Forest and Wokingham	Sarah Peacey	1 Nov 19	31 Oct 22	1st
Chiltern, South Buckinghamshire and Wycombe	Paul Henry	1 Jan 15	31 Oct 23	3rd
Guildford, Waverley & Woking	Sylvia Thomson	1 Nov 18	31 Oct 21	1st
Hart & East Hampshire	Donna Brown	1 Nov 18	31 Oct 21	1st
Hart & East Hampshire	Jill Walker	29 Oct 15	31 Oct 21	2nd
Outer Catchment Area (Rest of England)	Jill Wakefield	1 Nov 20	31 Oct 23	1st
Rushmoor	Brian Hambleton	13 Mar 19	31 Oct 21	1st
Rushmoor	Kevin Watts	29 Oct 15	31 Oct 21	2nd
Slough	Nasar Khan	1 Nov 19	31 Oct 22	1st
Slough	Graham Leaver	1 Jan 15	31 Oct 22	3rd

Surrey Heath & Runnymede	Mary Probert	1 Apr 14	31 Oct 21	3rd
Surrey Heath & Runnymede	Ann Smith	1 Nov 20	31 Oct 23	1st
Windsor and Maidenhead	Rod Broad	1 Jan 15	31 Oct 22	3rd
Windsor and Maidenhead	Robin Wood	1 Nov 20	31 Oct 23	1st
Elected Staff Governors (3)				
Frimley Park Hospital	Naidoo Udesh	1 Nov 20	31 Oct 23	1st
Heatherwood & Community Hospitals	Michael Ellis	1 Nov 20	31 Oct 23	1st
Wexham Park Hospital	David Maudgil	2 Dec 19	31 Oct 22	1st
Stakeholder Governors (4)				
Berkshire Councils (comprising Slough, Bracknell Forest, Wokingham, and Windsor & Maidenhead Borough Councils)	Dale Birch	Nov 19	-	1st
Hampshire County Council	Rod Cooper	Sep 18	-	1st
Surrey County Council	Edward Hawkins	Jul 19	-	1st
Ministry of Defence	Cl. Ellie Williams	Jan 20	-	1st

Role of the Council of Governors

The Council of Governors holds the Board to account for the performance of the Trust, to help develop a representative, diverse and engaged membership that helps us with our commitment to improve quality for the benefit of all our patients.

The Council of Governors also has a role in influencing the strategic direction of the Trust so that it takes account of the needs and views of the members, the local community and key stakeholders.

The Council has a number of statutory responsibilities including:

- Holding the non-executive directors to account for the performance of the Board
- Appointing or removing the Chairman and non-executive directors
- Appointing or removing the Trust's auditors
- Approving significant transactions
- Approving any changes to the Trust's Constitution.

The Chairman of the Board of Directors is also Chairman of the Council. This establishes an important link between the two bodies and helps governors to fulfil their statutory duties. The Chairman ensures that governor views on key strategic issues are considered at the Board of Directors' meetings as part of the decision-making process.

In the event of a dispute or disagreement between the Council of Governors and the Board of Directors, in the first instance the Chairman would endeavour to resolve this. Should a resolution not be reached, the Chairman may ask the Company Secretary, Senior Independent Director and/or the Deputy Chairman to review the matter further. If a final decision is not reached, the matter would be referred back to the Chairman for a final decision.

If a dispute arose which involved the Chairman, the dispute would be referred to the Senior Independent Director, who would use all reasonable efforts to resolve the matter.

To allow the governors to exercise their statutory duties, the Board of Directors is responsible for ensuring the Council of Governors:

- receives the Annual Report and Accounts;
- is presented with regular management reports on all aspects of clinical, operational and financial performance ;
- is able to provide its views to the Board of Directors on the Trust's forward planning; and
- is able to engage with their member constituents or, in the case of an appointed governor, to do so with members of the representing organisation.

During 2020-21 the Council of Governors was involved in the approval of the appointment of the Director of People, the participation in the NExT Director scheme and the renewal of the external audit contract.

Council of Governor Meetings

The Council of Governors holds regular meetings throughout the year, where members of the public are given the opportunity to ask questions. The governors may also raise matters of concern on behalf of their constituents.

All Board members are invited to attend the Council of Governors' meetings in order to gain an understanding of the views of the Trust's governors and members. Executive directors or non-executive directors may also attend to provide further assurance or to report progress in key matters of interest.

Governors are encouraged to canvass opinions and concerns of the members they represent at public constituency meetings (promoted as 'health events'), especially in relation to the Trust's plans, priorities and strategic ambitions. They may also canvass opinion at other Trust events, both formal and informal, and via their own initiatives and networks. Members' views are fed back to the Board at Board of Directors/Council of Governors workshop events (known as BODCOGs), and at other meetings with directors.

During the year, additional virtual Drop In sessions were arranged so that governors were provided with an opportunity to ask the Chairman and Chief Executive questions about the Trust's response to Covid-19 and elective recovery work.

The BODCOG workshops serve to develop the relationship between the Board and Council. The governors receive presentations and updates on performance, key issues, and other developments. This informal setting allows governors to discuss and challenge performance, the management of risk, and the organisation's priorities.

This two-way exchange of information enables the Board to receive direct feedback from the governors. Board members also attend the local health event meetings which provides an opportunity to listen to the views of our constituent members. The governors continued to meet virtually throughout the pandemic.

Attendance at Council of Governors meetings

The Council of Governors met on three occasions during the year. The below table records the attendance record.

Constituency	Governor	Total
Public: Bracknell Forest & Wokingham	John Lindsay	3/3
Public: Bracknell Forest & Wokingham	Sarah Peacey	3/3
Public: Chiltern, South Buckinghamshire and Wycombe	Paul Henry	3/3
Public: Guildford, Waverley & Woking	Sylvia Thompson	3/3
Public: Hart & East Hampshire	Donna Brown	2/3
Public: Hart & East Hampshire	Jill Walker	3/3
Public: Outer Catchment Area (Rest of England)	Jill Wakefield	2/2
Public: Rushmoor	Brian Hambleton	3/3
Public: Rushmoor	Kevin Watts	1/3
Public: Slough	Nasar Khan	3/3
Public: Slough	Graham Leaver	0/3
Public: Surrey Heath & Runnymede	Mary Probert	3/3
Public: Surrey Heath & Runnymede	Ann Smith	2/2
Public: Windsor & Maidenhead	Rod Broad	3/3
Public: Windsor & Maidenhead	Robin Wood	2/2
Staff: Frimley Park	Udesh Naidoo	2/2
Staff: Heatherwood & Community Hospitals	Michael Ellis	2/2
Staff: Wexham Park	David Maudgil	2/3
Stakeholder: Berkshire Councils	Dale Birch	2/3
Stakeholder: Hampshire County Council	Rod Cooper	2/3
Stakeholder: Ministry of Defence	Col. Ellie Williams	1/3
Stakeholder: Surrey County Council	Edward Hawkins	0/3

Governors who stood down in 2020-21

The following governors stepped down during the year, either through resignation or their terms of office expiring:

Constituency	Governor	Total
Public: Surrey Heath & Runnymede	Robert Bown	1/1
Staff: Frimley Park	Christina O'Garra	0/1
Public: Outer Catchment Area (Rest of England)	Paul Sahota	1/1
Public: Windsor & Maidenhead	Margery Thorogood	0/1

Board attendance at Council of Governor Meetings

Name	Position	Total
Pradip Patel	Chairman	3/3
Michael Baxter	Independent non-executive director	2/3
Bryan Ingleby	Independent non-executive director	3/3
Dawn Kenson	Senior Independent Director	3/3
Mike O'Donovan	Independent non-executive director	2/3
Rob Pike	Deputy Chairman	3/3
Thoreya Swage	Independent non-executive director	3/3
John Weaver	Independent non-executive director	3/3
Neil Dardis*	Chief Executive	3/3
Dan Bradbury*	Chief Operating Officer	0/3
Nigel Foster*	Director of Finance	1/3
Dr Timothy Ho*	Medical Director	1/3
Caroline Hutton*	Interim Director of Transformation, Innovation and Digital Services	2/2
Janet King*	Director of HR and Corporate Services	0/1
Eleanor Shingleton-Smith*	Acting Director of HR	0/2
Lorna Wilkinson*	Chief of Nursing and Midwifery	0/3

**NB Executive Directors attend by invitation and are not required to attend.*

Register of interests

Governors abide by a code of conduct and declare any interests that are relevant once elected or at the time of appointment. The register is published on our website and a copy may be obtained from the Company Secretariat Team:

Dorota Underwood, Committee Officer
Greenwood Offices
Heatherwood Hospital
London Road
Ascot
Berks
SL5 8AA

Telephone: 0300 6143 606
Email: dorota.underwood@nhs.net

Governor Committees

The Council of Governors has three main committees:

1. Community Engagement Group
2. Non-Executive Performance and Remuneration Committee
3. Patient Experience and Involvement Group (PEIG)

Community Engagement Group (CEG)

The CEG works on behalf of and alongside the Council of Governors, to maximise the use of the foundation trust's membership and the wider public to elicit and gain support for the Trust and its services within the community.

Non-Executive Performance and Remuneration Committee (NERC)

The NERC is a statutory governor committee and is chaired by the Lead Governor. Its purpose is set out in the Remuneration Report on page 60.

Patient Experience and Involvement Group (PEIG)

The purpose of the Patient Experience and Involvement Group is to work on behalf of and alongside the Council of Governors, to ensure that the patient and carers views are sought and acted on to improve the quality of care provided by the Trust, for inpatients, outpatients and the wider community.

Governance Working Group

A Governance Working Group is convened, at least annually, to receive and comment on proposals made by the Trust in light of current and proposed governance guidelines and to review and approve changes to the Trust's Constitution, prior to submission to the Council of Governors for approval.

Governors also attend other hospital committees by invitation, such as the Creative Health Committee and the Hospital Infection Control Committee

Our Members

A foundation trust is accountable to the communities it serves, and members of the public are invited to become members of the Trust and contribute to the development of services. Members may also attend Council of Governors' meetings and if elected, become governors of the Trust.

The Trust has two membership constituencies as set out in our Constitution:

- Public
- Staff

Membership of the Trust is open to any resident of England over the age of 16, living either in one of our constituencies within the core catchment or from the 'Rest of England' constituency. There is no separate patient constituency. The membership catchment area is illustrated on page 51.

Any member of staff who has a permanent contract of employment, or has worked at the Trust for 12 months, or worked on a series of short-term contracts amounting to more than 12 months, will be welcomed as members unless they chose to opt out.

The Trust is committed to recruiting a diverse membership which is reflective of the community that it serves. There is no set limit on the number of people who can register as members within the eligibility criteria.

At the start of the reporting year, the Trust's aim was to maintain a public membership of 15,000 and continue to recruit a membership representative of the communities we care for and to find better ways of engaging with them. Recruitment events are targeted at specific geographical areas, or under-represented groups within our communities.

The Trust exceeded its target of 25,000 members by the end of year, with a total membership of 28,032 at 31 March 2021. This figure comprised 15,525 public members and 12,507 staff members.

Membership Engagement

The Covid-19 pandemic has had a major impact on the way we engage with members during the year. When face to face meetings ceased on 23 March at the start of national lockdown, the Trust focused on new methods of engagement. The Trust developed its community engagement strategy to incorporate a strong online presence and has continued to promote good relationships, communication and collaboration with the wider community.

Throughout the year we have continued to engage with our membership. In addition to online activity, members have been kept up to date with the latest Frimley Health news via the Trust's InTouch magazine. Members' feedback on the magazine is consistently positive and this year in particular, it has been an invaluable tool to keep people informed on the latest developments across the Trust.

The Trust currently has email addresses for more than 6,000 of our public members, all of whom receive an electronic version of InTouch magazine. Other public members receive the magazines by post. Expanding the membership email list will be one of our priorities in the year ahead.

Email messages are also used to give members supplementary information on other significant updates, for example changes to patient visiting arrangements, infection control guidance and specific Covid-19 information such as the wearing of face masks. Similarly, information is also shared across other channels such as the Trust's social media pages and the news section of the website.

Constituency meetings (local health events)

In previous years we have held regular face to face constituency meetings to offer members the opportunity to meet with their local governors, to hear updates on the work of the Trust and to exchange views and ask questions. Each event includes a guest speaker, a consultant or other senior clinician who will deliver a presentation on an area of their expertise. Meetings are held across all constituencies during the year and they have been very popular with over 100 members attending.

Due to the Covid restrictions in the reporting year, the Communications Team has facilitated alternative virtual events to continue effective engagement through our health events. The first virtual constituency meeting was a recorded video, which provided an overview on the latest Covid news and updates for members on latest Trust developments, from the Chief Executive and constituency governors. The recording included a presentation from one of our consultants who shared his experience of supporting the Intensive Care Team in the first Covid wave. The video received exceptional feedback from members.

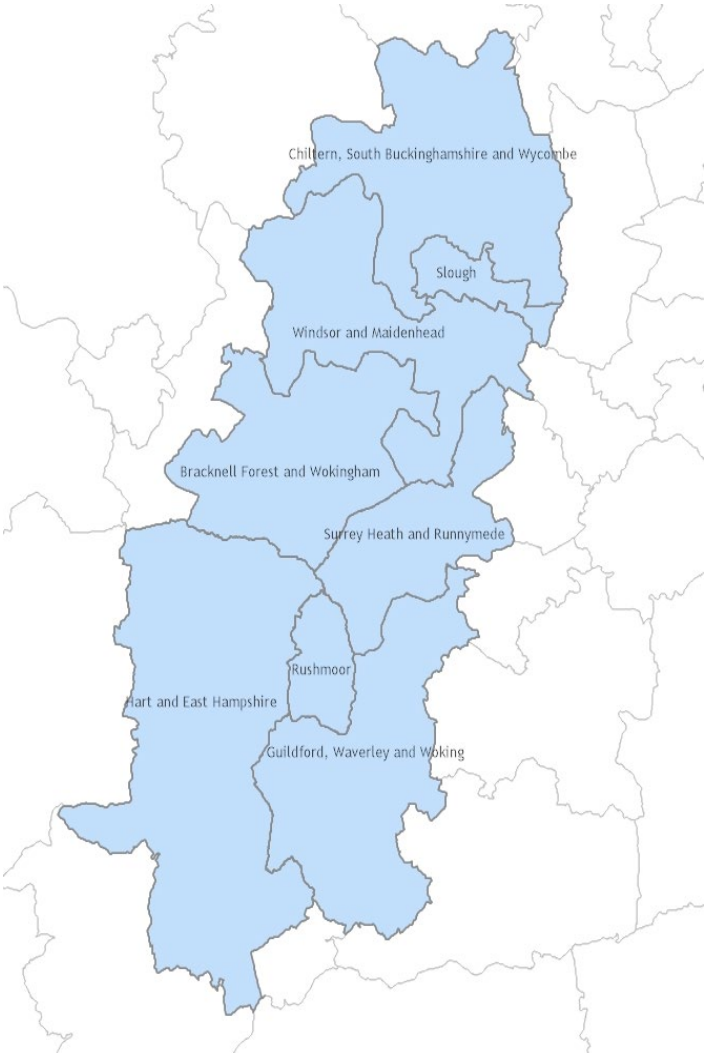
This was followed by the virtual Annual Members' Meeting (AMM) held in November 2020. The Microsoft Teams event was able to include all the usual elements of the AMM, such as the presentation of the Annual Report and Accounts. More than 150 links were made to the meeting, and the event was much more accessible , given the geographical size of our catchment area. The event was recorded and continues to be available on our website.

Also, in November, the Trust held its 'Taste of Frimley & Wexham' careers event for students aged 16-18 interested in pursuing careers in the NHS. Neil Dardis opened the virtual live event and there was a selection of video messages from clinical staff talking about their work. Feedback from students about the event was extremely positive.

Another health event was held in March 2021 and we continue to plan virtual health events until the Covid-19 restrictions are lifted. NHS Providers, the membership organisation for the NHS, used the example of Frimley Health case study for adapting communication and engagement with trust members during the pandemic. It is likely that we will continue with many of the virtual engagement practices as part of our future offering.

At the time of writing this report we learned that Frimley Health was chosen as the winner of the Civica Engagement Champion Award for 2021 for their virtual engagement activities during the pandemic. The award seeks to recognise organisations and individuals that have progressed patient, public or staff engagement in health and have shown through their efforts that good engagement can lead to positive, meaningful results.

Membership catchment map for Frimley Health NHS Foundation Trust as at 31 March 2021



Members can contact governors or directors via:
Foundation Trust Office
Frimley Health
Freepost G1/2587
Portsmouth Road
Frimley
Surrey
GU16 5BR
Email:
Sarah.waldron@nhs.net

Membership per local authority public constituency at March 2021 (not including staff)

Constituency	Population per constituency aged over 16	Number of members 31 March 2021	% of total public membership 31 March 2021
Bracknell Forest and Wokingham	179,509	1,252	8.06%
South Buckinghamshire	128,228	335	2.16%
Guildford, Waverley and Woking	169,771	1,306	8.41%
Hart and East Hampshire	123,829	2,026	13.05%
Rushmoor	94,710	2,606	16.79%
Slough	145,195	1,610	10.37%
Surrey Heath and Runnymede	104,632	2,744	17.67%
Windsor and Maidenhead	148,225	1,026	6.61%
Rest of England	NA	2,598	NA

Staff Constituency Membership at 31 March 2021

Constituency	Number of members 31 March 2021
Frimley	7,164
Wexham	4,750
Heatherwood & Community	593
Total	12,507

Ethnicity and engagement

The Trust is committed to increasing the black and minority ethnic membership, and in particular from local communities which have changed as a result of recent settlements. The analysis of the catchment area for ethnicity is shown below and is provided by our membership database provider (Civica Engagement Solutions) using the 2011 census data with 2018 projections. Just over 1,000 public members chose not to state their ethnicity.

Ethnicity	% composition of catchment population	Public members (% in brackets) March 2021	Public members (% in brackets) March 2020	Public members (% in brackets) March 2019
White	82.0%	12,188 (78.5%)	12,438 (78.9%)	12,951 (79.0%)
Mixed	2.3%	246 (1.5%)	244 (1.5%)	258 (1.6%)
Asian	12.5%	1,542 (9.9%)	1,542 (9.8%)	1,602 (9.8%)
Black	2.5%	398 (2.6%)	403 (2.6%)	428 (2.6%)
Other	0.7%	135 (0.9%)	139 (0.9%)	144 (0.9%)
Not specified		1,002 (6.4%)	1,006 (6.4%)	1,015 (6.2%)
Total	**100%**	**15,525**	**15,772**	**16,398**

Community Engagement Group (CEG)

The Community Engagement Group (CEG) is a working group of the Council of Governors. It meets quarterly to co-ordinate actions on matters relating to Trust membership and stakeholder and community involvement, and to provide feedback to the Board and the Council of Governors.

The CEG receives presentations on membership activity, recruitment and retention, and local projects to foster engagement.

Members who wish to contact their governor representative can do so via the Trust's Membership and Engagement Manager Sarah Waldron on 01276 526801 or email sarah.waldron@nhs.net . Alternatively, governors have their own NHS.net email addressed advertised on the Trust website.

Members attending our constituency events held regularly throughout the year may also speak directly to governors and directors in attendance.

Other disclosures by directors

Directors are also required to confirm they meet the "fit and proper person" condition set out in Regulation 5 of the Health and Social Care Act 2008 (Regulated Activities) Regulation 2014. All directors have met the requirements of the "fit and proper person" test.

The directors are satisfied that under the requirement of Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) the income from the provision of goods and services for the purpose of the health service in England by Frimley Health NHS FT is greater than its income from the provision of goods and services for any other purposes. This other income is shown in note 2.1 of the Annual Accounts. Most is used to cover associated costs and any surplus is reinvested in the provision of NHS health services. Frimley Health NHS Foundation Trust has complied with the cost allocation and charging guidance issued by HM Treasury.

The Trust has not made any political donation during the course of the year.

Better Payment Practice Code (BPPC)

The aim of the BPPC is to pay all non-NHS trade creditors within 30 days of receipt of goods or a valid invoice (whichever is the later) unless other payment terms have been arranged. The Trust reports compliance with this code in section 6 the Annual Accounts.

NHS Improvement's Well-led Framework

The boards of NHS foundation trusts are responsible for all aspects of the leadership of their organisations. They have a duty to conduct their affairs effectively and demonstrate measurable outcomes that build patient, public and stakeholder confidence that their organisations are providing high quality, sustainable care.

The Trust completed a well-led assessment in 2017 and the action plan was submitted to NHS Improvement. In 2018 the Board of Directors was subject to a well-led assessment as part of a CQC inspection, which resulted in a "good" rating.

The Trust is aware of the requirement to carry out an external review every three years. The next external well-led assessment was scheduled to take place in 2020 however, this was deferred until later in 2021 owing to the pandemic.

The Trust uses the well-led framework to inform its governance processes, which are described in the Annual Governance Statement that starts on page 76.

Patient care activities and Stakeholder Relations

Our Quality Account describes what the Trust is doing to develop its services, engage with our stakeholders and improve patient care. The Quality Account is due to be published later this year and will be available on our website.

Disclosure to auditors

So far as each of the directors is aware, there is no relevant audit information of which the NHS Foundation Trust's auditor is unaware. Each director has taken all the steps they ought to in their role in order to make themself aware of any relevant audit information and to establish that Frimley Health NHS Foundation Trust's auditor is aware of that information.

Neil Dardis
Chief Executive
10 June 2021

Remuneration Report

Annual statement on remuneration

The Performance and Remuneration Committee (PRC) comprises four non-executive directors of the Trust. It is an established subcommittee of the Board and operates under terms of reference approved by the Board. The PRC determines appropriate remuneration for senior managers in accordance with the terms of reference as follows:

- In accordance with Clause D.2.2 of the Monitor NHS Foundation Trust Code of Governance, the Performance and Remuneration Committee has delegated responsibility from the Board of Directors for setting remuneration for all executive directors including pension rights. The Performance and Remuneration Committee should also recommend and monitor the level and structure of remuneration for senior management. The definition of senior management should normally include the first layer of management below Board level (tier 2 staff).
- Seek external advice from time to time (under normal circumstances every three years) on the remuneration packages of the Chief Executive and other executive directors.
- Review the overall pay and performance framework for the Trust with particular regard to the executive directors' proposals for the remuneration of the Trust's tier 2 staff (those reporting directly to executive directors).

For the financial year 2020-21, the PRC implemented the NHSE/I recommendation on Very Senior Managers (VSM) annual pay increases for 2020/21. This amounted to a consolidated increase of 1.03% of basic salary, backdated to 1 April 2020. The PRC decided to award this to all executive directors (tier 1) and tier 2 staff who are not on Agenda for Change Terms and Conditions, except for those who joined after 1 April 2020.

During the reporting year, there were four executive directors with salary levels in excess of £150,000. In line with NHSE/I guidance, appointments at or above this threshold are benchmarked and approval obtained from NHSE/I.

The PRC has kept the Executive Directors Remuneration Policy under review and approved updates to this policy via e-governance in February 2021. The terms of reference were also reviewed and updated in 2020-21.

Dawn Kenson
Senior Independent Director
10 June 2021

Audited Remuneration of Senior Managers 2020-21

		Salary and fees (bands of £5000) £000	Taxable benefits nearest £100	Annual performance related bonus (bands of £5000) £000	Long-term performance related bonus (bands of £5000) £000	[6]Pension related benefits (bands of £2500) £000	Alternative pension scheme	[7]Total remuneration (bands of £5000) £000	Expenses £
Executive Directors									
Neil Dardis[8]	Chief Executive	210 – 215	0	0	0	0	25-27.5	240-245	320.45
Daniel Bradbury	Chief Operating Officer	155 – 160	0	0	0	40 – 42.5	0	195 -200	885.96
Nigel Foster	Director of Finance	150 – 155	0	0	0	40 – 42.5	0	190 – 195	556.59
Tim Ho[9]	Medical Director	245 – 250	0	0	0	75 – 77.5	0	320 -325	308.05
Caroline[10] **Hutton**	Interim Director Transformation, Innovation & Digital Services	75 – 80	0	0	0	22.5 - 25	0	100 - 105	0.00
Janet King[11]	Director of HR & Corporate Services	355 – 360	0	0	0	0	0	355 - 360	510.00
Eleanor Shingleton-Smith[12]	Acting Director of HR	45 – 50	0	0	0	87.5 - 90	0	135 - 140	0.00
Lorna Wilkinson[13]	Chief of Nursing and Midwifery	105 – 110	0	0	0	227.5 - 230	0	330 – 335	0.00
Non-Executive Directors									
Pradip Patel	Chairman	55 – 60	0	0	0	0	0	55 - 60	0.00
Michael Baxter	Non-Executive Director	10 – 15	0	0	0	0	0	10 - 15	0.00
Bryan Ingleby	Non-Executive Director	10 – 15	0	0	0	0	0	10 - 15	0.00
Dawn Kenson	Non-Executive Director	15 – 20	0	0	0	0	0	15 – 20	0.00
Mike O'Donovan	Non-Executive Director	15 – 20	0	0	0	0	0	15 – 20	40.00
Rob Pike	Non-Executive Director	15 – 20	0	0	0	0	0	15 – 20	0.00
Thoreya Swage	Non-Executive Director	15 - 20	0	0	0	0	0	15 – 20	332.30
John Weaver	Non-Executive Director	15 – 20	0	0	0	0	0	15 – 20	0.00

[6] This represents 20 times the year on year increase in pension plus the cash lump sum payable to the Director should they have become entitled to it at 31 March 2021. The calculation complies with the regulator's reporting requirement and is not cash remuneration.
[7] Total remuneration in this column includes non-salary benefits relating to pension entitlements, as stated at 6 above.
[8] Neil Dardis opted out of the pension scheme with effect from 1 September 2018, a payment of £25,967 is included within his remuneration for the alternative pension allowance for the year 20/21. Also included within 20/21 are £4,285 pay arrears relating to 19/20 salary.
[9] The figure represents total remuneration from the Trust. £168.2k of this relates to the Medical Director's clinical role.
[10] Secondment commenced on 1 September 2020
[11] Janet King's pay includes a redundancy payment of £160k; payment of lieu of notice £85k and payment in lieu of annual leave £8k.
[12] Acting HR Director role commenced on 1 November 2020
[13] Employment commenced on 30 June 2020

Audited Remuneration of Senior Managers 2019-20

		Salary and fees (bands of £5000) £000	Taxable benefits nearest £100	Annual performance related bonus (bands of £5000) £000	Long-term performance related bonus (bands of £5000) £000	[14]Pension related benefits (bands of £2500) £000	[15]Total remuneration (bands of £5000) £000	Expenses £
Executive Directors								
Neil Dardis[16]	Chief Executive	200 – 205	0	0	0	0	200 – 205	1,485.69
Janet King	Director of HR & Corporate Services	165 – 170	0	0	0	0	165 - 170	2,266.11
Nigel Foster	Director of Finance & IM&T	145 – 150	0	0	0	20 - 25	170 – 175	3,069.34
Duncan Burton	Director of Nursing & Quality	75 – 80	0	0	0	20 - 25	95 – 100	304.25
Daniel Bradbury[17]	Chief Operating Officer	75 – 80	0	0	0	50 - 55	125 -130	0.00
Helen Coe[18]	Director of Operations FPH	295 - 300	0	0	0	0	295 – 300	787.34
Lisa Glynn[19]	Director of Operations HWPH	270 – 275	0	0	0	0	270 - 275	142.20
Tim Ho	Medical Director	[20]240 - 245	0	0	0	55 - 60	310 – 315	1,303.07
Non-Executive Directors								
Pradip Patel	Chairman	60 - 65	0	0	0	0	60 - 65	0.00
Mark Escolme	Non-Executive Director	15 - 20	0	0	0	0	15 - 20	0.00
Dawn Kenson	Non-Executive Director	15 - 20	0	0	0	0	15 - 20	0.00
Ray Long	Non-Executive Director	15 - 20	0	0	0	0	15 - 20	0.00
Mike O'Donovan	Non-Executive Director	15 - 20	0	0	0	0	15 - 20	0.00
Rob Pike	Non-Executive Director	15 - 20	0	0	0	0	15 - 20	0.00
Thoreya Swage	Non-Executive Director	15 - 20	0	0	0	0	15 - 20	477.86
John Weaver	Non-Executive Director	15 - 20	0	0	0	0	15 - 20	0.00

[14] This represents 20 times the year on year increase in pension plus the cash lump sum payable to the director should they have become entitled to it at 31 March 2020. The calculation complies with the regulator's reporting requirement and is not cash remuneration.
[15] Total remuneration in this column includes non-salary benefits relating to pension entitlements, as stated at 14 above
[16] Neil Dardis opted out of the pension scheme with effect from 1 September 2018
[17] Employment commenced on 7th October 2019
[18] The salary is the total remuneration from the Trust, it is made up of £160k redundancy and £68k payment in lieu of notice, together with £68k in respect of salary for the year up until 30th September 2019.
[19] The salary is the total remuneration from the Trust, it is made up of £160k redundancy and £68k in lieu of notice together with £45k in respect of salary for the year up to 31st July 2019. Lisa Glynn opted out of the pension scheme with effect from 1 April 2015.
[20] The figure represents total remuneration from the Trust. £164.25k of this relates to the Medical Director's clinical role.

Audited Pension Benefits of Senior Managers 2020-21

Name	Title	Real increase in pension and related lump sum at age 60 (bands of £2,500) £000	Total accrued pension and related lump sum at age 60 at 31 March 2020 (bands of £5,000) £000	Cash equivalent transfer value at 31 March 2021 £000	Cash equivalent transfer value at 31 March 2020 £000	Real increase in cash equivalent transfer value £000
Daniel Bradbury	Chief Operating Officer	2.5 - 5	15 - 20	211	165	20
Nigel Foster	Director of Finance	2.5 - 5	105 – 110	751	679	38
Tim Ho	Medical Director	7.5 -10	260 - 265	1575	1436	75
Caroline Hutton	Interim Director Transformation, Innovation and Digital Services	0 – 2.5	90 - 95	567	529	26
Janet King	Director of HR & Corporate Services	0	275 - 280	0	1,673	0
Eleanor Shingleton-Smith	Acting Director of HR	5 – 7.5	40 – 45	275	250	19
Lorna Wilkinson	Chief of Nursing and Midwifery	35 – 37.5	205 - 210	1126	875	221

Notes to table above:

Non-executive directors are not listed because they do not receive pensionable remuneration.

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. 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 which 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. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries

Real increase in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation and uses common market valuation factors for the start and end of the period.

NHS Pensions are using pension and lump sum data from their systems without any adjustment for a potential future legal remedy required as a result of the McCloud judgement. (This is a legal case concerning age discrimination over the manner in which UK public service pension schemes introduced a CARE benefit design in 2015 for all but the oldest members who retained a Final Salary design.). We believe this approach is appropriate given that there is still considerable uncertainty on how the affected benefits within the new NHS 2015 Scheme would be adjusted in future once legal proceedings are completed.

On 16 March 2016, the Chancellor of the Exchequer announced a change in the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate from 3.0% to 2.8%. This rate affects the calculation of CETV figures in this report. Due to the lead time required to perform calculations and prepare annual reports, the CETV figures quoted in this report for members of the NHS Pension scheme are based on the previous discount rate and have not been recalculated.

The guiding principles for salary awards are set out in detail in the Trust's Executive Directors' Remuneration Policy (including tier 1 & 2 staff) approved by the Performance and Remuneration Committee in February 2021. The Policy confirms that the Trust will aim to maintain the salary of Executive Directors at an appropriate level in relation to their peers, taking into account the expectation of high levels of personal and collective performance which will allow the Trust to perform at or near the highest level in terms of quality and financial performance

During the reporting period one payment was made for loss of office. The Trust arranged the payment on an individual basis according to relevant HR policies and NHS statutory guidance.

The Trust reviews ethnicity as a Board and collates the ethnicity of board members, specifically encouraging applications from staff from BAME backgrounds. During the reporting year the Council of Governors approved the appointment of two non-executive director placements from the NExT Director Scheme. This scheme is a development programme created and designed to help find and support the next generation of talented people from groups who are currently under-represented on NHS boards.

External search consultancies that support the Trust's recruitment of senior staff also provide diversity information in relation to board director and other senior manager applications. The Trust uses this data to inform future recruitment exercises so that there is a greater focus on attracting a wider diversity of candidates.

The Trust reviews the Gender Pay Report on an annual basis.

Annual report on remuneration

The salary and pension information contained on pages 56 and 58 has been audited along with details on the median salary as a ratio of the highest paid director's remuneration on page 62. The Remuneration Report includes details of the remuneration paid to the Chairman and directors of the Trust.

There are two committees within the Trust's governance arrangements with responsibility for remuneration of the Board of Directors:

- Non-Executive Performance and Remuneration Committee (NERC) which is a committee of the Council of Governors.
- Performance and Remuneration Committee (PRC) which is a committee of the Board of Directors.

Performance and Remuneration Committee (PRC)

The PRC operates on behalf of the Board of Directors and in accordance with the NHS Foundation Trust Code of Governance to:

- Make decisions on the performance and remuneration and terms of service for the chief executive and other executive directors. This includes all aspects of salary, termination, and other major contractual terms.
- Recommend and monitor the level and structure of remuneration for senior management.

The Chief Executive attends meetings of the PRC by invitation and is not in attendance for any discussion where there may be a conflict of interest. Other directors may attend by invitation on a similar basis.

The PRC met on five occasions during the year and there was a 100% attendance record. The PRC is chaired by Dawn Kenson and all of the members are non-executive directors. The other members are, Michael Baxter, Pradip Patel and Thoreya Swage.

Expenses

Information on the expenses claimed by directors and non-executive directors is included in the salary entitlements of senior managers 2020-21 on page 58. No governor expenses were claimed in the reporting year.

Non-Executive Performance and Remuneration Committee (NERC)

The NERC is a committee of governors. Its purpose is to:

- Satisfy itself that proper procedures are in place for the appraisal of non-executive directors (including the Chairman) in accordance with the NHS Foundation Trust Code of Governance and current best practice.
- Participate in the recruitment of non-executive directors (including the Chairman) with the Board of Directors' Nominations Committee.
- Recommend to the Council of Governors:
  a) The appointment of the Chairman and non-executive directors.
  b) The terms of appointment and appropriate remuneration of the Chairman and non-executive directors.

The NERC leads and reports on an annual assessment of the Board by all members of the Council of Governors (CoG). This is carried out by questionnaire and the results are reviewed by the CoG and the Board. An annual meeting is held with the non-executive directors at which the NERC considers how the non-executive directors have individually and collectively fulfilled their role and responsibilities.

The NERC is chaired by the Lead Governor and in the year ended 31 March 2021 met on three occasions. The Lead Governor until the 31 October 2021 was Robert Bown and in November 2021 Rod Broad was appointed as the new Lead Governor of the Trust

The Chairman, Senior Independent Director, Chief Executive, Director of HR and other advisors may be invited to attend all or part of the NERC meeting. In the year ended 31 March 2021, the NERC met three times.

NERC Members and Meeting Attendance Record

Governor name	Constituency	Total
Robert Bown	Public: Surrey Heath & Runnymede	2/2
Rod Broad	Public: Windsor & Maidenhead	3/3
Michael Ellis	Staff Governor	1/1
Brian Hambleton	Public: Rushmoor	3/3
Nasar Khan	Public: Slough	3/3
John Lindsay	Public: Bracknell Forest & Wokingham	3/3
Udesh Naidoo	Staff Governor	1/1
Sarah Peacey	Public: Bracknell Forest and Wokingham	3/3
Mary Probert	Public: Surrey Heath & Runnymede	3/3
Jill Walker	Public: Hart and East Hampshire	3/3

Non-executive directors' remuneration 2020-21

There were no changes to the non-executive directors' remuneration in 2020-21.

At the meeting of the NERC held in February 2020, proposals were presented to amend the remuneration of NEDs and the Trust Chairman with effect from 1 April 2020 in the light of a new remuneration framework for Chairs and NEDs issued by NHS England and NHS Improvement. The new structure was introduced to address some longstanding issues associated with disparities between the remuneration of chairs and non-executive directors of NHS trusts and NHS foundation trusts.

With the exception of the Chairman and the two non-executive directors appointed in April 2020, these proposals were deferred in the light of the Covid-19 outbreak and will now take effect from April 2021.

Median salary / highest paid director (information subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation at mid-point of salary and the median remuneration of the organisation's workforce.

The following data represent the ratio of median annual salary to the highest paid director's remuneration in line with the HM Treasury Financial Reporting Manual 2011-12 (FReM). The calculation is based on full time equivalent staff of the reporting entity at the reporting period end date on an annualised basis.

	31 March 2021	31 March 2020
Highest paid director's remuneration	£247,500	£242,500
Median salary:		
Annualised WTE basis	£26,970	£24,214
Represented as a ratio	9.2	10

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

*Notes for above:

- *The median pay calculation is based on the salary paid to staff in post on 31 March 2021.*
- *The reported salary used to estimate the median pay is the gross cost to the Trust, less employer's pension and employer's Social Security costs.*
- *The reported annual salary for each whole-time equivalent has been calculated using the appropriate spine point on the contractual pay scale or actual annual salary as at 31 March 2021 where no pay scale is used.*
- *Payments made in March 2021 to staff who were part-time were pro-rated to a whole-time equivalent salary.*
- *The highest paid director is excluded from the median pay calculation.*
- *The highest paid director's remuneration is based on their total remuneration which includes all salaries and allowances (including fees), bonus payments and other remuneration.*
- *The salary of the highest paid director has been taken as the midpoint of their £5,000 total remuneration banding.*
- *The Trust performs all of its services in-house, with the exception of laundry, on all sites. This may contribute to a higher ratio than in other organisations where significant support services are outsourced and therefore the median salary may be higher.*

Neil Dardis
Chief Executive
10 June 2021

Staff report

Supporting our People is one of our strategic ambitions and recruiting and retaining good staff has remained a key strategic focus during 2020-21. Throughout the year our resourcing plans have been discussed at the Trust's Operational People Committee and scrutinised at the People Committee. At the end of the year, the overall Trust vacancy rate had reduced from 11.74% to 7.05%. There has been a particular focus on the recruitment of Healthcare Support Workers and vacancies had reduced from 130 to 74 (WTE), with more in the pipeline at the end of March 2021.

Due to the pandemic, the Trust has not been able to recruit overseas nurses at the level it anticipated for 2020-21 but has nevertheless recruited 79 new nurses during the reporting year. As part of the NHS Long Term Plan commitment to recruit 50,000 additional nurses into the NHS, the Trust was successful in bidding for funds to support the recovery of international recruitment. With the easing of the Covid 19 restrictions, we plan to recruit 30 overseas nurses to arrive each month throughout 2021-22. If successful, we expect to reduce nursing vacancies to around 6% by March 2022.

Our recruitment and retention plan very much support our commitment to improving the quality of care and reducing our agency and other temporary worker costs.

Workforce Statistics

Key performance indicator	Total number (March 2019)	Percentage	Total number (March 2020)	Percentage	Total number (March 2021)	Percentage
Total number of employees	9,490		9,935		10,394	
Male	2,099	22.12%	2,216	22.30%	2,366	22.76%
Female	7,391	77.88%	7,719	77.70%	8,028	77.24%
Directors	7		6		7	57.14%
Male	4	57.1%	5	83.33%	4	57.14%
Female	3	42.9%	1	16.67%	3	42.86%
Other senior managers	34		38		34	
Male	14	41%	21	55.26%	12	35.29%
Female	20	59%	17	44.74%	22	64.71%

Key performance indicator	Total number (March 2019)	Percentage	Total number (March 2020)	Percentage	Total number (March 2021)	Percentage
Staff in post – full-time equivalent (FTE)	8,444.00		8,821.00		9,319.41	
Staff in post – headcount	9,443		9,935		10,394	
Sickness absence rate	2.50%			3.50%		4.13%
Vacancy rate	10.60%			8.70%		7.05%
Turnover rate	14.00%			13.60%		11.64%
Appraisal rate	75%			78%		71%

Average number of employees (whole time equivalent)

Employee group	Total	Permanent
Medical and dental	1186	1180
Administration and estates	1,808	1,808
Healthcare assistants and other support staff	1,817	1,810
Nursing, midwifery and health visiting staff	2,720	2,706
Scientific, therapeutic and technical staff	1287	1285
Agency and contract staff	158	
Bank staff	869	
Total average numbers	9,845	8,789

Month	Medical Staffing: whole time equivalent posts	Medical Staffing: headcount
Apr-20	1,167.40	1240
May-20	1,180.75	1258
Jun-20	1,173.30	1251
Jul-20	1,180.06	1252
Aug-20	1,171.08	1245
Sep-20	1,189.11	1262
Oct-20	1,200.08	1275
Nov-20	1,213.66	1288
Dec-20	1,208.78	1283
Jan-21	1,207.68	1282
Feb-21	1,207.60	1282
Mar-21	1,218.79	1293

Staff engagement

As a major employer in the area, Frimley Health is committed to the principles of partnership working and staff engagement. The Trust values its staff and strongly believes that involving staff in decision making processes is vital in generating the ideas that will help develop and improve Frimley's services.

The Trust has a range of project groups and committees that seek to involve staff in making decisions about future developments. For example, the Staff Council meets regularly and provides an effective method of regular consultation between managers and staff representatives which forms the basis of a constructive and co-operative approach towards achieving corporate goals.

The Staff Council also reviews and approves staff bids for funds from the Improving Working Lives lottery fund. This fund uses the proceeds of a monthly staff lottery to pay for a range of items to improve the working environment, such as the refurbishment of staff rest areas.

The Trust also has other consultative bodies to discuss specific areas of joint interest with staff representatives such as the local communications networks, the Health, Safety and Environment Committee, Health and Wellbeing Committee and the Equality and Diversity Steering Group. A People at Work Group was established during the year to support retention plans.

Mechanisms in place to monitor and learn from staff feedback include:

- Business planning within directorates, involving managers and staff
- The clinical governance infrastructure, which enables multidisciplinary discussion of clinical issues and service improvement
- Regular briefings from the Chief Executive from which key points are cascaded to teams and departments, with the opportunity for staff to ask questions and raise concerns
- Executive listening events to enable staff to raise issues
- An annual leadership summit – this year the subject was leading for inclusion
- A fortnightly electronic newsletter to which all staff are encouraged to contribute
- Staff following the Trust on its official Facebook and Twitter sites and contributing to exchanges as appropriate
- The annual NHS Staff Survey and pulse checks, with stakeholder engagement on the results and actions to be taken

- Annual appraisal for all staff
- A single integrated intranet for all staff - “Ourplace”- which includes personalisation and engagement tools

National Staff Survey 2020

Background

The Picker 2020 staff survey opened on the 28 September and closed on the 27 November 2020. The launch date was chosen in response to Covid modelling data at the time and sought to avoid the peak of the pandemic. Our final response rate for the survey was 57%, a 4% increase from last year, and 8% higher than the average response rate for similar organisations.

Organisational Context and Climate

Although the survey period was altered to avoid the height of the pandemic, it was open during a time when workplace pressure was unprecedented as our workforce was impacted by the ongoing pandemic and new ways of working to treat our patients with Covid 19.

Results Overview

Despite this, each of our benchmarking questions saw an increase in scores. The 3 questions below make up a third of the Staff Engagement theme results and the trend analysis shows a consistent increase over a number of years. The 5% increase in the recommendation of the Trust as a place to work to 72% is the highest it has been since 2016.

Benchmarking questions	**2019 FHFT response**	**2020 FHFT response**
Recommend organisation as a place to work	67%	72%
If a friend/relative needed treatment would be happy with standard of care provided by organisation	79%	80%
Care of patients/service users is organisation’s top priority	82%	83%

The below table shows how the Trust compares with other acute trusts in 10 key areas.

Trust Performance on 10 National Staff Survey Themes

Theme	2019 score	2019 respondents	2020 score	2020 respondents	Statistically significant change?
Equality, diversity & inclusion	**9.0**	4738	**8.9**	5248	Not significant
Health & wellbeing	**6.0**	4777	**6.3**	5276	↑
Immediate managers †	**6.9**	4784	**6.9**	5290	Not significant
Morale	**6.2**	4682	**6.2**	5211	Not significant
Quality of care	**7.6**	4336	**7.6**	4799	Not significant
Safe environment - Bullying & harassment	**8.1**	4721	**8.1**	5085	Not significant
Safe environment - Violence	**9.4**	4734	**9.4**	5255	↓
Safety culture	**6.9**	4729	**6.9**	5246	Not significant
Staff engagement	**7.2**	4837	**7.2**	5330	Not significant
Team working	**6.8**	4749	**6.6**	5266	↓

Overall, the staff survey response was positive; fundamentally retaining our scores from the 2019 staff survey. There was an increase in the Health & Wellbeing scores and a decrease in Safe Environment and Team Working.

Future priorities and targets

As a result, our intended areas of focus at a corporate level, in readiness for the 2021 staff survey will be:

- Team Effectiveness
- Involving our people in changes that affect their work
- Improving our people's safety (discrimination/harassment/bullying/physical violence)
- Continuing our wellbeing investment

Action planning with subject matter experts has already begun and will include departmental involvement to support our commitment to improving the scores in areas identified in the staff survey.

Occupational Health and Safety (OHS)

This has been another exceptionally busy year for the OHS department. Once the pandemic began, the department responded to the rapidly changing situation at national level and addressed a number of urgent work priorities alongside the department's usual annual work plan. Some of the key areas of the department's work during the year are highlighted below.

Fire Safety
With the admission of Covid-19 patients, the function of many wards and departments necessitated rapid change. There were numerous changes to walkways, entrances and consequently, the associated fire escapes. Our fire risk assessments were urgently reviewed, and evacuation procedures were quickly developed to safely evacuate Covid-19 patients (and relevant equipment) if the need arose. High levels of oxygen were required for seriously ill patients which led to the development of fire safety guidance for oxygen enriched atmospheres. Specialist oxygen alarms were also required in relevant wards.

The work to upgrade the fire alarm system in clinical areas at Wexham Park was completed during the year and this now satisfies the highest standard for such systems. We continue with our fire safety work with the planned upgrading of the non-clinical areas, and a fire compartmentation survey at Frimley Park Hospital alongside a full review of the fire alarm system.

Health and Safety
At the start of the pandemic all workplaces adopted strict measures to reduce the spread of Covid-19 infection. To meet the required infection control standards, the department developed a specialist 'Covid Secure' workplace risk assessment which was completed for all areas to ensure the safety of everyone working on the Trust's premises.

Completed risk assessments were reviewed by the Health and Safety Department and members of the team worked with numerous departments to assist with the provision of a safe working environment, especially in relation to social distancing measures and infection control procedures. Specialist advice and guidance was also developed to help staff to work safely at home where possible.

During the winter of 2020 the Health and Safety Executive (HSE) carried out a programme of hospital inspections to check that suitable and sufficient 'Covid Secure' measures had been adopted. Frimley Park Hospital was subject to a full HSE inspection in December 2020, following which the inspectors fed back that they witnessed many good practices. No formal action was requested as a result of the inspection or any formal recommendations made.

Manual handling

Due to the pandemic, the rapid recruitment of staff resulted in a high demand for mandatory training, such as manual handling. Targeted training was also provided for retired staff returning to the workplace and also to staff that were redeployed. The requirement to maintain social distancing during our manual handling training resulted in 3 times the number of courses being delivered in 2020-21. Nevertheless, over the year the attendance levels were maintained at around 98%.

During the year the Manual Handling team members also responded to new training requirements associated with the introduction of new patient handling equipment, for example, bariatric beds, birthing and labour beds and equipment to lift a patient off the floor after a fall.

Occupational Health

To maintain essential services and provide patient care, all health care providers recruited additional staff in the reporting year. To deal with the rapid demand the Occupational Health Team worked with the Trust's Recruitment Team to agree a process to fast track pre employment health checks whilst maintaining essential safety and health assessments. Over the year the number of potential new staff undergoing pre employment triage increased by 19.5% to 4324 assessments.

During the year, we followed the national guidance for staff classed as clinically vulnerable as they were required to shield at home, or to comply with stringent safety measures at work. A total of 3387 Covid risk assessments were completed for our BAME staff in response to the higher risk that was identified during the first wave of the pandemic. A vulnerable person's risk assessment has since been developed for all staff that are clinically vulnerable, and the department provides specialist health advice to managers and vulnerable staff.

In spite of the pandemic, this year's annual flu vaccination programme was nevertheless successfully delivered. The total number of staff vaccinated was 7165, which equates to 70% of all frontline staff and was higher than the 61.5% achieved in the previous year.

Local Security Management Specialist

Safety of all who work at Frimley Health or visit our hospital premises is paramount. This year a forum was established to specifically look at issues of violence and aggression. Although, incidents related to violence and aggression are not a major problem within the Trust, our Violence and Aggression Policy has been reviewed and where necessary, measures are introduced to improve staff safety, for example, the provision of personal alarms for relevant staff.

Equality, Diversity and Inclusion

This year, Frimley Health published annual employment and service information, thereby demonstrating compliance with the Public Sector Equality Duty. Reports regarding equality and diversity can be found on the Trust's website.

Disabled staff

Frimley Health made a commitment to meeting the requirements of the Disability Confident Kitemark in November 2016. Disability Confident is the successor to 'Positive About Disabled People'. The Trust will continue to:

- Actively look to attract and recruit disabled people
- Provide a fully inclusive and accessible recruitment process
- Offer an interview to disabled people who meet the minimum criteria for the job
- Exercise flexibility when assessing people so disabled job applicants have the best opportunity to demonstrate that they can do the job
- Proactively offer and make reasonable adjustments as required
- Encourage our suppliers and partner firms to be 'Disability Confident'
- Ensure employees have appropriate disability equality awareness

In the year to 31 March 2021, Frimley Health received 958 applications for jobs from disabled applicants. Of these, 523 disabled applicants were shortlisted, and 66 disabled interviewees were appointed.

To encourage disabled applicants to apply for jobs, Frimley Health will continue to take positive action to target disabled applicants through Job Centre Plus and other bodies who support placements for disabled staff in the workplace.

The Trust is committed to retaining existing employees who become disabled during their employment, if at all possible. The Occupational Health Team advises managers on reasonable adjustments to enable people to stay in their roles. Adjustments may include changing working patterns or providing equipment or support. If reasonable adjustments are not possible, the Trust reviews whether an alternative role can be found. The Trust has a special forum for staff with disabilities or carers. This forum plays a key role in raising awareness of the needs of staff who have visible or hidden disabilities and who are carers. It is taking forward activity to improve workplace experience for these staff, and it helps the Trust to respond to priorities identified from the national staff survey.

Diversity and Inclusion Policies, initiatives and longer term ambitions

Frimley Health continues to develop unified objectives and governance arrangements to support our diversity and inclusion work. Together with the formal Equality and Diversity policies, the Trust's Equality Impact Assessment (EIA) process is embedded into our policy and business case approval processes. EIA's cover a broad range of business, from large scale capital projects to relevant policies affecting staff. The quality of EIA's is supported through a mentor based approach and engagement with internal and external stakeholders.

Workforce Race Equality Standard

Implementing the Workforce Race Equality Standard (WRES) is a requirement for all NHS healthcare providers. In July 2014, the NHS Equality and Diversity Council announced that it had agreed action to ensure employees from black and minority ethnic backgrounds have equal access to career opportunities and receive fair treatment in the workplace.

NHS providers are expected to show progress against a number of indicators of workforce equality, including a specific indicator to address the low numbers of BAME board members across the organisation.

At Frimley, there has been improvement against Workforce Race Equality Standard items linked to progression of Black, Asian and Minority Ethnic (BAME staff). This improvement has translated into the Trust currently exceeding 80% of the NHSE/I target linked to increasing BAME density at Bands 8a and very senior manager (VSM) level.

Most BAME staff are employed in Bands 1 and 2 and the entry level Band 5, which has seen the greatest acceleration across all bandings. The ratio of BAME staff at Band 8a mirrors that at 8b, namely one in five staff are from a BAME background. Although BAME density has fluctuated at 8c to VSM, the Trust remains on track to meet NHSE/I future trajectory targets.

There is parity between BAME and white staff entering the disciplinary process and accessing continuing professional development training. In relation to recruitment white staff are 1.3 times more likely than BAME staff to be appointed from shortlisting, which is an improvement from the previous two years.

Data from the 2020 NHS Staff Survey shows, when compared with the Acute average, more BAME staff felt there was career progression and less staff reported discrimination than other staff. The survey revealed a deterioration in grounds for discrimination at work and experiencing harassment and bullying from patients and service users.

Workforce Disability Equality Standard
The Workforce Disability Equality Standard (WDES) is a set of ten specific measures which enables NHS organisations to compare the workplace and career experiences of disabled and non-disabled staff.

The Trust is making positive progress in the proportion of disabled staff at senior bandings. Although disclosure of disability is around 2% which is low, disclosed disability at Bands 8a to 8d exceeds this figure.

There is parity in the likelihood of non-disabled staff being appointed compared with disabled staff. The 2020 NHS Staff Survey revealed that the workplace experience for disabled staff was worse than the Acute provider trust average, in relation to facing bullying and harassment from patients and service users and feeling pressure to attend work when unwell. Disabled staff are less likely to experience bullying and harassment from managers and other colleagues than the Acute average.

Staff Forums
The Trust has established three staff forums for: Black, Asian, and Minority Ethnic staff; Disabilities and Carers; and Lesbian, Gay, Bisexual, Transgender, and Questioning. These forums are regularly attended by over 85 staff across all three networks.

The forums have played key roles in supporting the design of the Leadership for Inclusion Summit, involvement in marking cultural and diverse notable dates, starting a campaign to raise awareness of hidden disability and reviewing the EMPOWER Code of Conduct and the Equality and Diversity Policy.

Reverse Mentoring
Reverse Mentoring inverts traditional mentoring arrangements and involves a junior member of staff mentoring a very senior manager (mentee) on their lived experience of diversity, culture and inclusion. The first cohort of Reverse Mentoring included members of the BAME and Disabilities and Carers forums and this enabled the intersectionality of race and disability to be explored. The Trust's Reverse Mentoring Programme very much supports our diversity and inclusion awareness and informs our learning objectives.

Gender Pay Gap
The gender pay gap is the difference between the average (mean or median) earnings of men and women across a workforce

The Trust is making positive progress in relation to female staff at senior bandings. Over three quarters of the workforce are female and there has been close to a six percent increase in the percentage of women at Band 8D. There has been a rise in the proportion of women in Chief of Service roles, which now stands at 30%.

There have been some variations in the Gender Pay Gap reporting, with the average hourly pay increasing steadily, over the last two years in favour of men. In contrast, utilising positive action approaches has resulted in a rise in the proportion of female consultants applying for and receiving a Clinical Excellence Award.

Next Steps – Shaping the Future
The Trust is committed to building inclusive cultures and the next steps at Frimley will include:

- Assess the Trust's equality activity against the Equality Delivery System Goals of Culture and Inclusive Leadership and integrate actions with wider inclusive work
- Focus on the development of a leadership culture underpinned by inclusion which fosters a culture of inclusivity and understanding
- Approaches to career progression for staff harness the learning from successes already achieved, to tailor support for those staff who have poorer experiences
- Fostering a culture and creating environments where staff feel they have a voice and those different voices are encouraged and heard

Gender Pay Reporting

Owing to the Covid-19 pandemic, the Government Equalities Office (GEO) and the Equality and Human Right Commission (EHRC) suspended gender pay gap reporting regulations for the 2019/20 reporting year. The Trust will produce a Gender Pay Gap report for 2020/21 which will be submitted in advance of the 5 October 2021 deadline, and will be published on the Trust's Equality and Diversity website page.

Trade Union Facility Time

As required, the Trust publishes annually on its website a report on trade union facility time including numbers of Trade Union officials. The information includes the percentage of their time spent on facility time, the total pay bill costs of facility time and hours spent on paid trade union activities.

Expenditure on consultancy and exit packages

Between 1st April 2020 and 31st March 2021, the Trust spent £3,832k on consultancy costs. Exit packages amounted to £306k for the year.

Total staff costs

Total staff costs for the year amounted to £519.969m

Off payroll engagements

As of 31 March 2021, there were no off-payroll engagements (IR35) more than £245 per day and that lasted longer than six months.

Code of Governance

Frimley Health NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code.

For the year ending 31 March 2021 the Trust complied with all the provisions of the Code as set out in the NHS Improvement Annual Reporting Manual 2020-21.

Throughout this Annual Report the Trust describes how it has met the Code's requirements. The table below provides a summary of where information can be found on the issues the Trust is required to disclose.

Code Reference	Annual Report Section	Page
A.1.1	Board of Directors and Council of Governors	24 and 43
A.1.2	Directors Report and Board Committees	24 and 36
A.5.3	Council of Governors	43
Additional requirement	Council of Governors	46 and 47
B.1.1	Board Composition	24 onwards
B.1.4	Board Composition and Directors' Evaluation	24 and 42
Additional requirement	Board Composition	24 and 40
B.2.10	Nomination Committee	39
Additional requirement	Governor Nominations Committee	60
B.3.1	Chairman's biography	24
B.5.6	Foundation Trust Membership	48

Additional requirement	Not applicable	N/A
B.6.1/B.6.2	Directors' Evaluation and Well-led Framework	40 and 54
C.1.1	Statement of Accounting Officer's Responsibilities	74
C.2.1	Annual Governance Statement	76
C.2.2	Audit Committee (internal audit)	37
C.3.5	Not applicable – Accepted by the Council	N/A
C.3.9	Audit Committee	36
D.1.3	Remuneration Report	55
E.1.4	Contacting the Board/Contacting the Governors	36 and 51
E.1.5	Council of Governors	45
E.1.6	Foundation Trust Membership	49
Additional requirement	Membership Strategy	49
Additional requirement	Register of Directors'/Governors' Interests	36 and 47

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

Frimley Health was in segment 2 at the end of the reporting year, with no formal interventions by the regulator. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

STATEMENT OF THE ACCOUNTING OFFICER'S RESPONSIBILITIES

Statement of the chief executive's responsibilities as the accounting officer of Frimley Health NHS Foundation Trust

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

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Frimley Health NHS foundation trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Frimley Health NHS foundation trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year

In preparing the accounts, 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 steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

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

Neil Dardis
Chief Executive
10 June 2021

ANNUAL GOVERNANCE STATEMENT 2020-2021

1.0 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 to provide services of a high quality. I also acknowledge my responsibilities as set out in the NHS Foundation Trust Accounting Officer Memorandum.

The Trust's Standing Orders and Scheme of Decisions sets out the accountability arrangements and scope of responsibility of the Board and its committees, the executive directors and the organisation's officers. Throughout the year the Board has been fully involved in agreeing the strategic ambitions of the Trust, with the most important priorities and Board objectives being set out in the Trust's Annual Plan, against which the Board submits regular reports to the Council of Governors. In December 2020 our strategy was subject to a formal annual review by the Board and revised corporate objectives for 2021-2022 were approved.

2.0 The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Frimley Health NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Frimley Health NHS Foundation Trust for the year ended 31 March 2021, and up to the date of approval of the annual report and accounts.

3.0 Capacity to handle risk

During the reporting year the Trust has ensured that its risk management system receives the appropriate leadership and management. The Trust is committed to a Risk Management Strategy that minimises risk to all of its stakeholders through an integrated approach to managing risk from all sources. The Risk Management Strategy provides a framework for taking this forward through a comprehensive system of internal controls. The Chief of Nursing and Midwifery is the executive lead for risk management and the Director of Finance has lead responsibility for managing financial risk. All executive directors, chiefs of service, associate directors and heads of service of the Trust have a key role to play in developing a strong risk management approach in all aspects of the Trust's activities, both clinical and non-clinical.

3.1 Key Roles & Responsibilities

3.1.1 Board of Directors

The Board of Directors has overall responsibility for the Trust's Risk Management Strategy and for having in place systems of risk management and internal control that supports the delivery of the Trust's principal objectives and enables the effective monitoring of strategic, clinical and non-clinical risks.

The Board has delegated scrutiny of risk assurance processes through its committee structure as described below:

- The Audit Committee reviews the establishment and maintenance of an effective system of internal control and risk management across the Trust's activities that supports the achievement of the Trust's objectives and also ensures effective internal and external audit.
- The Quality Assurance Committee (QAC) provides assurance to the Trust Board and Audit Committee that there are robust controls in place to ensure that high quality care is provided to the Trust's patients.
- The Finance & Investment Committee (FIC) is responsible for scrutinising financial performance on behalf of the Board, as well as conducting scrutiny of major business cases, and proposed investment decisions.
- The People Committee is responsible for providing leadership and oversight for the Trust on workforce issues that support the delivery of the Board's approved workforce objectives; and for monitoring the operational performance of the Trust in people management, recruitment and retention, and employee health and wellbeing.
- The Senior Leadership Committee (SLC) is the principal leadership team for the Trust and with regard to management of risk it is responsible for ensuring that the Risk Management Strategy is implemented, and systems are in place to support delivery of compliance with legislation, mandatory NHS standards and delivery of the Trust's strategic objectives. Business priorities and decisions made by the Executive Team and Board of Directors must reflect risk management assessments and consideration of high-risk factors.

3.1.2 Non-executive directors

All the key assurance committees are chaired by a non-executive director. The NEDs have a responsibility to robustly challenge the effective management of risk and to seek reasonable assurance of adequate control. In order to assure the Board that clinical risk is properly identified and managed, the NEDs usually take part in a programme of Quality Assurance Walkabouts, and the Chair of the Quality Assurance Committee attends meetings of the Patient Experience Forum. Owing to the pandemic the NEDS were unable to visit the hospital sites during the year and alternative clinical assurance mechanisms were established. These included regular briefings with the Senior Leadership Team, including 1:1 meetings with executive directors and increased visibility of key clinical performance indicators.

3.1.3 Director of Finance

The Director of Finance oversees the adoption and operation of the Trust's standing financial instructions including the rules relating to budgetary control, procurement, banking, staff appointments, losses and controls over income and expenditure transactions, and is the lead for counter fraud. The Director of Finance is the chair of the Information Governance Committee and Senior Information Risk Owner (SIRO).

As the Trust Senior Information Risk Owner (SIRO), the Director of Finance is responsible for ensuring that the Trust creates and manages its information risks, through the development of a network of Information Asset Owners (IAA's) and Information Asset Administrators (IAAs).

The Director of Finance attends the Trust's Audit Committee and liaises with internal and external audit, regarding the programmes of audit with a risk-based approach.

The Director of Finance is the executive lead for estates and ensures that the estate is developed to support the Trust's strategic direction and that the condition of the estate is maintained, fit for purpose and compliant with all statutory and professional legislation and compliance requirements. and he is also the executive lead for the local implementation of the Climate Change Act 2008 and the development and implementation of the Trust's Carbon Reduction Strategy.

3.1.4 Chief of Nursing & Midwifery

The Chief of Nursing & Midwifery is the executive lead for patient safety and quality (including clinical negligence claims management) , infection prevention and control (DIPC), safeguarding, patient experience and advocacy, and soft facilities management.

The Chief of Nursing & Midwifery is the professional lead for nursing and midwifery, and allied health professionals and holds shared accountability with the Medical Director in setting and delivering the quality standards and ambitions.

The Chief of Nursing & Midwifery is the executive lead for risk management, including the management of the Trust's Corporate Risk Assurance Framework, and is accountable for ensuring there is a robust system in place for monitoring compliance with the Care Quality Commission regulations. The role of the Controlled Drugs Accountable Officer also sits with the Chief of Nursing and Midwifery.

3.1.5 Medical Director

The Medical Director is the executive lead for clinical outcomes and clinical governance and holds shared accountability with the Chief of Nursing & Midwifery in setting and delivering the quality standards and ambitions. Together they ensure that there is an effective integrated quality governance system in place which is developed and monitored. The Medical Director is the executive lead for clinical transformation & operational performance as well as professional standards and research and development. In addition, the Medical Director has responsibility for strategy development to ensure the Trust's plans are clinically led and aligned with the work within the Frimley Health & Care system.

The Medical Director is the Caldicott Guardian and is the senior person responsible for protecting the confidentiality of people's health and care information and making sure it is used properly.

As the Responsible Officer, the Medical Director is the Trust's senior clinician whose role is to evaluate doctors' fitness to practise, based on supporting information presented, including through the appraisal process. The Responsible Officer makes recommendations to the General Medical Council on the revalidation of doctors (normally at five-yearly intervals).

Both the Medical Director and the Chief of Nursing and Midwifery are responsible for ensuring that cost improvement plans, and any service changes are risk assessed and do not negatively impact on the quality of care.

3.1.6 Director of People

The Director of People has overall responsibility for workforce planning, ensuring the right staff are in the right jobs, that all the relevant pre-employment checks are undertaken and that the Trust is legally compliant with recruitment processes. The Director of People also has statutory and regulatory responsibility for the HR & OD Function, leadership development and talent management, equality, diversity and inclusion, pay and reward, and staff wellbeing and engagement. They are also responsible for the Fit and Proper Person Test compliance for the executive directors and for ensuring that there is sufficient provision of training, including all mandatory and statutory staff training requirements. The Director is also responsible for health and safety and the management of the Occupational Health and Safety Department and compliance with the public sector duty in relation to equality and diversity in the employment of staff.

The Director of People ensures that there are established processes to manage employee concerns and that there is a Freedom to Speak up Guardian and appropriate processes in place.

3.1.7 Chief Operating Officer

The Chief Operating Officer is responsible for the day-to-day operational management of the Trust ensuring that the directorates deliver clinical activities safely and efficiently in accordance with the agreed national standards and negotiated contracts.

The Chief Operating Officer leads the Trust's performance management framework which is designed to ensure a high-performance culture and early identification and management of risk, that supports autonomy for clinical services. They ensure that the Trust's clinical teams have robust governance arrangements in place and that the Divisional Accountability Framework is monitored through the performance management processes.

The Chief Operating Officer is accountable for the Trust's emergency planning arrangements, ensuring there is an effective response to major incidents and that the Trust's business continuity plans are effective, tested and understood in line with statutory requirements.

3.1.8 Director of Transformation, Innovation & Digital Services

The Director of Transformation, Innovation and Digital Services is responsible for the delivery of the Trust's IT strategy and provision of robust IT and digital services. Together with the Medical Director, they have lead responsibility for the development and delivery of the Electronic Patient Record.

The Director leads the development and delivery of the transformational change programmes in line with the Trust strategy working with partners to foster an environment of innovation and best practice, making use of latest technologies and medical advances for the benefit of patient care. The postholder leads on delivering culture change in line with our "One Frimley Health" ambitions, which supports change management and continuous quality improvement as a recognised strength and capability within the Trust.

3.1.9 Specialist Advisors

The Trust has a number of specialist advisors that provide specialist advice and guidance to support the delivery of effective governance processes. They include:

- Director of Continuous Quality Improvement
- Director of Infection Prevention & Control and the Infection Control Team
- Caldicott Guardian
- Head of Occupational Health
- Head of Health & Safety
- Fire Safety Adviser
- Radiological Protection Adviser
- Chief Pharmacist
- Leads for Safeguarding Adults & Children
- Human Tissue Act Designated individuals
- Security Advisers
- Information Governance Advisers

3.2 Embedding and managing risk at all levels of the organisation

The Trust's Risk Management Strategy, endorsed by the Board, is reviewed annually and sets out the organisation's approach to risk management. All executive directors, chiefs of service, associate directors and heads of service have a responsibility to lead with a strong risk management approach in all aspects of the Trust's activities.

Managers at all levels of the organisation have a responsibility to manage risks at a local level and to develop an environment where staff are encouraged to identify and report risk issues proactively. Each directorate maintains a risk register and key risks are assessed and reflected in the Corporate Risk Assurance Framework, which is reviewed monthly and is considered by the Board committees.

Managers are expected to ensure that their staff immediately report any near miss incidents, adverse incidents and serious incidents, using the Trust's incident reporting procedure. The procedure ensures appropriate feedback is provided regarding specific incidents reported, and recommendations following investigations are implemented to reduce the likelihood of the incident happening again.

All members of staff have an important role to play in identifying and minimising risks and hazards as part of their everyday work within the Trust. Each individual has a responsibility for their own personal safety and for the safety of their colleagues, patients and all visitors to the Trust. All staff are expected to have an understanding of the incident reporting procedure and knowledge of the corporate categories of incident, which must be reported.

A trust-wide training needs analysis for risk management and patient safety has been undertaken and a range of training programmes have been integrated into the corporate training plan. All staff receive mandatory annual updates in risk management, and patient safety and attendance is monitored through the quarterly training statistics.

The corporate induction programme ensures that all new staff receive information on the Trust's risk management systems and processes. This includes the comprehensive induction of all junior doctors with regard to key policies, standards and practice prior to commencement in clinical areas.

The mandatory training programme ensures that essential training is delivered to staff members, which includes risk management processes such as health and safety, manual handling, resuscitation, infection control, safeguarding patients, blood transfusion and information governance. In addition, specialist risk training is identified by managers for individual job roles and agreed with staff through personal development plans.

The Trust is committed to continuous improvement and learning, from incidents and complaints, outcomes from audits and the experiences of patients, other service users and staff. Best practice is highlighted and shared across the acute and community sites through the committee structure and relevant clinical leads. We seek to learn from both internal and external sources of good practice.

4.0 The risk and control framework

4.1 Risk Management Strategy

The Trust has in place a Risk Management Strategy which sets out the framework and systems for implementation of risk and governance in the Trust. Frimley Health NHS Foundation Trust is committed to the management of risk (both clinical and non-clinical) in order to improve the quality of care, and to provide a safe environment for the benefit of patients, staff and visitors.

The strategy describes what is meant by 'risk management' and it identifies the roles and responsibilities of the key accountable officers and all staff within the Trust. The strategy also clearly defines the levels of authority for the management of identified levels of risk and describes the Trust's interpretation and definition of 'acceptable risk'.

The Risk Management Strategy defines which risks need to be escalated to the next management level and describes the risk escalation route. Risks are classified as low, moderate, major and catastrophic, based on a consequence and likelihood matrix approved by the Board. While the Board recognises that risk is inherent in the provision of healthcare and its services, the Trust has a low risk appetite for risks that could affect patient safety. During the year the Board approved the following Risk Appetite Statement:

- Frimley Health NHS Foundation Trust recognises that its long-term sustainability depends on the delivery of its strategic ambitions and its relationship with its patients, the public and its strategic partners within and outside our ICS. The Trust endeavors to establish a positive risk culture within the organisation where unsafe practice, for example clinical or financial is not tolerated, and where every member of staff feels committed and empowered to identify, correct, and escalate system weaknesses.

- Accordingly, the Trust will not accept risks that materially impact on patient safety. However, the Trust has a greater risk appetite to take considered risks with regard to their impact on organisational issues. The Trust's greatest appetite is 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 within the constraints of the regulatory environment.

Risk Assessment

The formal proactive method of identifying operational risks within the Trust is through the use of risk assessments. The Trust is committed to ensuring that integrated clinical and non-clinical risk assessments, including business planning risk assessments are regularly updated in all departments and are formally reviewed on an annual basis. All risks which are identified through the assessment process are recorded in the directorate and specialist risk assurance frameworks.

The Trust's Risk Assurance Framework provides a Trust-wide record of all the corporate extremely high, high and moderately graded risks in the organisation. The Register is populated based on the following key areas:

The Framework has been developed to provide an overarching analysis for all types of risk providing information about the current control measures and assurances in place, and action plans for reducing risks and identifies the following:

- Source of the risk
- Description
- Risk Grade
- Controls in Place
- Actions
- Residual Risk Rating
- Date of Review

The Risk Assurance Framework is a dynamic document which is updated as remedial actions are taken to address high risk issues for the organisation. New risks are added as they are identified, from specific internal incidents, national external reviews, local risk registers and as part of the annual review of risk assessments.

The corporate level and local risk assurance frameworks are reviewed monthly at the Trust Corporate Governance Committee and at Associate Directors/Heads of Service meetings. All risks are escalated to the Senior Leadership Committee as required for executive oversight and management of the most significant risks.

The corporate Risk Assurance Framework is reviewed regularly by the relevant Board committee. This method provides non-executive director oversight of significant operational risks and a mechanism for the committee chair to escalate to the Audit Committee or the Board as necessary. The Quality Assurance Committee has the delegated authority from the Board to scrutinise and provide assurance on all aspects of the Trust's quality controls.

Quality Governance Arrangements

During 2020/21, the Trust's Clinical Governance and Quality Committees were disbanded, and a new Care Governance Committee was established.

The Care Governance Committee is responsible for providing assurance to the Quality Assurance Committee (QAC) with evidence on all aspects of quality of clinical care; governance systems; risk issues for clinical, corporate and research & development; and regulatory standards of quality and safety. The Care Governance Committee has oversight of significant patient safety and clinical risk issues and monitors efficacy of action taken to manage these issues. The Care Governance Committee reports to the Senior Leadership Committee for executive oversight and management of key issues.

The Care Governance Committee will support delivery of all aspects of quality of clinical care in accordance with the Frimley Health Foundation Trust strategic ambitions, 2020-2025.

Quality is embedded in the Trust's overall strategy. Quality targets are linked to directorates and included in local clinical speciality dashboards and pathway compliance monitoring. The Trust's performance against the quality priorities is included in the Trust-wide Quality and Performance report which is reviewed monthly by various committees and ultimately by the Board. During 2020/21, the Board continued to receive regular performance information on key quality indicators including patient safety, patient experience and clinical effectiveness.

Our Future FHFT: Out Strategy for 2020-2025

Following an extensive and significant engagement journey, the Trust published its five-year strategy in 2019/2020 which set out its new vision for the future and six strategic ambitions. A key element of our strategy and its greatest strength is that we developed it in partnership with our staff, our patients and our key stakeholders. The strategy was reviewed in December 2020 as part of an ongoing agile approach where the environment and priorities will be reviewed annually to ensure the strategy remains fit for purpose and annual corporate objectives are set and embedded regularly.

Our structure supports the management of risk related to the implementation of our strategy through the Board Assurance Framework where each strategic ambition and key programme is risk rated. Alongside each risk are the controls and necessary actions to mitigate them. We also have a strong directorate structure which has helped us to develop our key strategic ambitions and objectives at directorate, team and individual level. Such an approach ensures that the organisation has a clear set of objectives and is also aware of and manages the risks associated with the implementation of our organisational strategy.

Board Assurance Framework

The Board Assurance Framework (BAF) supports the management of our strategic risks as it records the key risks identified to achieving the Board's strategic ambitions. The BAF describes the key controls, the gaps in control or assurance and the actions to address those gaps.

The BAF was further developed during the reporting year to incorporate risk appetite scores for each strategic risk. Using an industry approved risk appetite matrix, the risks were assessed within a scoring range of 0 (no risk appetite) to 5 (acceptance of significant risk) to determine the level of risk tolerance. The Board has regular oversight of the BAF to ensure the strategic risks have clear actions to reduce or mitigate them within an appropriate timeframe.

The Board monitors the Trust's strategic risks at Board meetings and through the Board committee structure. The BAF risk process is set out in diagram 1 below.

4.2 Key risks identified in 2020/21

During 2020-21 strategic risks were identified in the following areas:

- *Management of the Covid-19 national and international pandemic:* ensuring adequate prevention and control was in place to protect public health
- *Improving Quality for Patients:* protecting patients from avoidable harm and ensuring they receive a positive experience through the delivery of safe and effective care
- *Supporting our People:* developing the pipeline for the organisation's future senior leadership to ensure delivery of FHFT strategy and mitigate the risk of organisational stability and loss of organisational memory
- *Leaving the European Union*: there was a risk of a negative impact on health and social care due to the unknown implications of Brexit particularly in relation to the rights of EU staff and access to drugs, equipment and medical products both at Frimley Health and at a national NHS level
- *Collaborating with our Partners:* to ensure the ICS model sufficiently empowers staff to transform services for optimal capacity and flow, and it enables the Trust's ability to manage demand and our statutory and performance targets
- *Transforming our Services:* the main risks to delivery were embedding the right culture to ensure a consistent, 'One Frimley Health' approach across the Trust; ensuring that relevant partners and stakeholders were engaged and supportive of our Transformation Programme, particularly relating to the clinically-led review of services, and delivery of the key elements of our infrastructure programme.

- *Making our Money Work:* our activity and income assumptions were liable to change and were further compounded by the impact of Covid-19. There was a risk that the operational income would not cover the recurring revenue costs
- *Advancing our Digital Capability:* if the Trust's IT systems, digital infrastructure and strategy were not sufficiently embedded, stabilised or secure then there was a risk that our hospitals would not run in a safe, effective and efficient way.

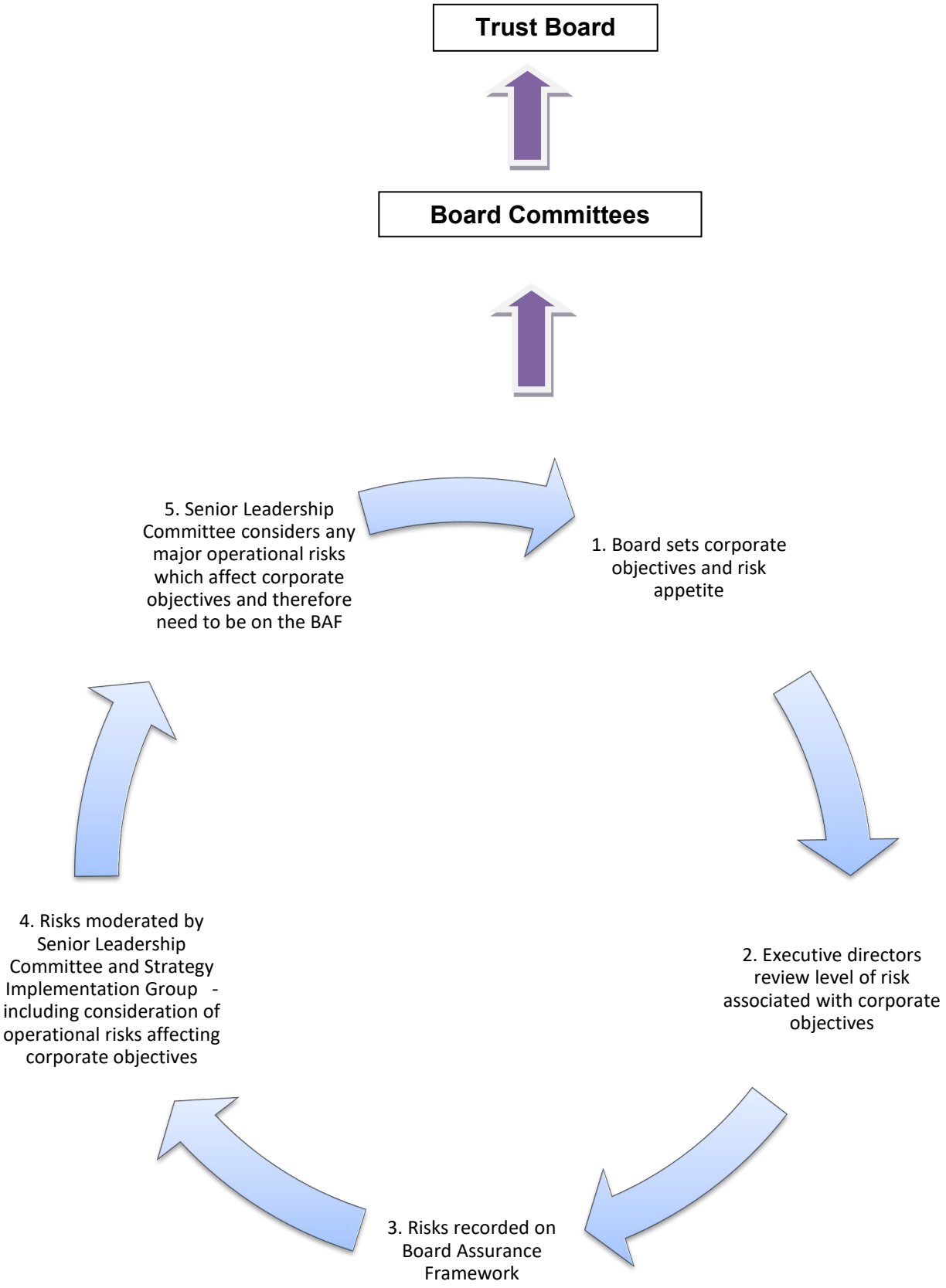
Operational Risks

The major operational risks that were identified during the reporting year were:

- Patient Care: Access to care and elective waiting lists
- Covid-19: Infection control and critical care capacity.
- People: Impact of Covid-19 on equality and diversity and staff health and wellbeing
- Workforce: Nursing and medical capacity in relation to recruitment and retention
- Finance: Affordability of Heatherwood new-build hospital and financial implications of Covid-19
- Estates and Infrastructure: Maintenance of estate, including RAAC plank roofing at Frimley Park Hospital
- Cyber Security: Risk of cyber or ransomware attack on Trust IT systems, putting at risk patient care and/or income

Many of the risks described in 2020/21 will continue to be risks in 2021/22, in particular, the ongoing management of the risks associated with the Covid-19 pandemic, the recovery of elective waiting times, the delivery of the financial plan, the impact of leaving the EU on costs and workforce and the development of integrated partnerships within the ICS model to meet the new statutory obligations set out in the Department of Health & Social Care's Integration & Innovation White Paper.

Diagram 1: Risk Process for Board Assurance Framework



4.3 Cyber Security

The Trust works closely with NHS Digital to comply with the Data Security and Protection Toolkit requirements and to deliver a greater focus on IT security. In addition, the Trust is investing in its cyber security systems with the support of Department of Health and NHS Digital to ensure the Trust has robust and reliable cyber security defence to safeguard patient information.

The Trust has a dedicated cyber-security team which is responsible for working with the Trust to strengthen IT compliance and security. We have finished the move to Windows 10, for most of our end user devices, this includes collaborating in the national advanced threat protection initiative which will help secure our systems. Devices continue to have vendor patches applied in line with best practice, ensuring we have the latest protection from emerging threats.

The Digital Services Strategy (2019-2022) will deliver secure platforms to underpin the Trust's wider strategic ambition of 'advancing our digital capability'. These investments include Cloud Hosting, Wireless (Wi-Fi), end user devices, Windows 10 and Office 365 and a new Telephony system. That investment will continue to ensure that technology enables the success of the implementation of a single electronic patient record system (EPR) in March 2022, and then look to the future with innovations in robotics, automation and Artificial Intelligence.

These strategic actions are seen as enablers to provide a more secure and robust environment for the Trust's IT systems.

4.4 Involvement of public stakeholders

The Trust serves a dispersed community which straddles a number of boundaries, including more than five local authorities, three clinical commissioning groups (CCGs) and a number of regional networks and other health related structures. During 2019/2020, the CCGs came together to form the Frimley Commissioning Collaborative to improve the health and care services provided to its residents by working in a more joined-up way. Given these complexities, there is a strong desire to work closely with the local community to provide coherent and effective services. The Frimley Health and Care Integrated Care System (ICS) closely matches the catchment area of the Trust. The Chief Executive sits on the ICS Board, and the Trust provides executive and non-executive leadership and involvement across the ICS to support the system strategy that spans local authorities, all health partners, the commissioning collaborative and active engagement with local communities.

The Trust provides information and assurance to the public on its performance against its principal risks and objectives in a number of different ways including:

- Frimley Health NHS Foundation Trust has around 28,000 members, of which over 15,000 are public members. These are represented by a Council of Governors that comprise public, staff and stakeholder governors.

- The Council of Governors receives regular updates on the achievement of the Board's objectives and along with the external regulatory assessments, the Council holds the Board to account for its performance.

- In addition to the formal meetings of the Council of Governors, joint workshops are held with the Board where there is an opportunity for governors to discuss and challenge performance and the organisation's priorities. The workshops include reference to the key risks the Trust faces and an explanation as to how they are being managed.

- The Trust holds regular constituency meetings to provide updates to members and the public and to receive feedback. During the year virtual meetings were held to ensure public involvement in the issues facing the Trust.

4.5 Compliance with the Developing Workforce Safeguards

The Trust has a number of mechanisms in place for ensuring short, medium and long-term workforce strategies and staffing systems are in place. This includes:

- Chief of Nursing and Midwifery annual workforce reviews with inpatient departments using evidence-based acuity tools (SNCT), professional judgement and external data such as Model Hospital to set and review budget establishments to safely meet outpatient's needs.

- In conjunction with Human Resources, the production of a six-monthly report on the current workforce position of Nursing and Midwifery alongside any organisational workforce risks.

- Monthly national workforce reporting of our staffing usage (planned vs actual and Care Hours per Patient per Day – CHPPD), internal nursing and midwifery workforce dashboard which summarises the Trust's vacancies, staff turnover and future pipeline of recruited staff. This level of reporting helps the Trust to identify the nursing and midwifery workforce risks and also to guide where recruitment and retention action plans and task and finish groups are required to support departments.

It should be recognised that during 2020/21 the Covid-19 pandemic has significantly challenged the operational nursing workforce requirements within the Trust to address the surges both within critical care and our ward environments. The nursing and midwifery annual workforce budget timeframes for the next financial year have also been impacted by the pandemic. These timelines have been adjusted to identify the service requirements, priorities and restoration requirements as the organisation recovers from the most recent Covid-19 surge. Historically, nursing and midwifery workforce review timelines are aligned with the budget-setting process and in the light of any approved business cases to support service developments and increases in activity.

Throughout the reporting year, senior managers are responsible for aligning their workforces to the Trust's strategy and to take account of financial, workforce and activity constraints and opportunities within the directorates. Internal Trust drivers and goals and external developments that impact on service provision are also considered as part of the workforce assessment, which in the reporting year included workforce demands for restoration of services a result of Covid-19.

4.6 Compliance with CQC Registration

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

In November 2018, the CQC inspected the Trust's surgery and maternity services and community inpatient services provided from Fleet Hospital. The overall rating for Frimley Health was 'good' with Safe, Effective, Caring, Responsive and the Well Led domains being rated 'good'. The specific ratings were:

- Frimley Park Hospital: 'outstanding' overall. The CQC rated Safe and Effective as 'good' and Caring, Responsive and Well Led as 'outstanding'. Maternity services were rated 'good' overall but 'requires improvement' in the Safe domain.
- Wexham Park Hospital: 'good' overall. The CQC rated Safe, Effective, Caring and Responsive as 'good' and Well Led as 'outstanding'. Maternity services were rated 'good' overall but 'requires improvement' in the Safe domain.
- Heatherwood Hospital: 'good' overall.
- Community Inpatient services: 'good' overall.

The CQC issued two Requirement Notices in relation to the below regulations and these areas have since been addressed to meet the compliance standards.

Regulation	Requirement
Regulation 18 HSCA (RA) Regulations 2014 Staffing	The Trust must ensure that midwifery staffing levels meet expected levels as determined by the nationally recognised acuity tool
Regulation 12 HSCA (Regulations 2014 Safe care and treatment	The Trust must take action to ensure mandatory training including safeguarding training rates meet Trust targets

The Trust attends regular oversight meetings with the CQC and maintains a relationship through established contacts. CQC activity within the Trust is supported by our patient safety and clinical governance teams.

4.7 Foundation Trust Governance Requirements

The Board sets the vision, values and strategic direction of the Trust and is collectively responsible for its performance. The Council of Governors receives regular updates on quality and financial performance and service delivery. The governors partake in regular meetings with the non-executive directors (NEDs) and the NEDs are available to answer questions in formal and informal settings to enable the governors to discharge their duties.

The Board is supported by seven committees and one executive-led committee with a remit to monitor the effectiveness of risk management, quality, performance, financial sustainability, internal control and assurance arrangements. The Board of Directors receives regular assurance reports from its sub committees and during the year the Company Secretary reviewed the effectiveness of the Board and committees.

The Board made a self-declaration in May 2020 that it was compliant with the conditions of the NHS provider licence and no significant risks were identified in relation to the corporate governance statement.

Well-led Framework

In 2019 the Trust received a 'good' rating following the CQC's well-led inspection. Owing to the pandemic our planned external review of our well-led capability has been deferred until later this year. The Board completes an annual review of its performance and effectiveness by questionnaire and the results are shared at the public Board meeting. The Council of Governors also provides feedback on the Board's performance via a questionnaire. The results of the annual performance review are used by the Board to inform its leadership effectiveness and future development needs.

4.8 Compliance with Managing Conflicts of Interest NHS Guidance

During the year a new Standards of Business Conduct Policy was implemented and responsibility for the Trust wide management of conflicts of interest was assigned to the Company Secretary. The Trust has published an up-to-date register of interests, including gifts and hospitality, for decision-making staff and the Company Secretary is reviewing processes to ensure compliance with the statutory guidance.

4.9 Other control measures

Compliance with NHS Pension Scheme regulations

As an employer with staff entitled to membership of the NHS Pension Scheme, the Trust has control measures in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member pension scheme records are accurately updated in accordance with the timescales detailed in the regulations**.**

Compliance with equality, diversity and human rights legislation

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. Equality impact assessments are required for all new Trust business cases such as major capital developments and as part of the policy development and review process, including those related to employment and improving patient experience and access.

Compliance with the Climate Change Act

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.

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

The Trust ensures economy, efficiency and effectiveness through a variety of means, including:

- A robust pay and non-pay budgetary control system
- A system of effective and consistently applied financial controls
- Effective tendering procedures
- Robust evaluation of business cases
- Continuous service and cost improvements supported by the 'Frimley Excellence' quality improvement programme
- Scrutiny by the Finance and Investment Committee

The Trust benchmarks efficiency in a variety of ways, including through the national "Model Hospital" benchmarking tool, participation in "Getting it Right First Time" (GIRFT) audits, and comparisons of corporate costs. We regularly compare key indices such as length of stay, delayed discharges and day case percentages with similar sized Trusts, and some of these are reported in our bi-monthly Board Quality and Performance Report. The Board of Directors performs an integral role in maintaining the system of internal control supported by the Audit Committee, internal and external audit, and other key bodies.

The Trust received a CQC/NHSI Use of Resources assessment for the first time in 2018/19. The report concluded that the Trust was rated good for use of resources. Although the CQC/NHSI assessment has not been recently repeated, an extended Value for Money (VfM) review was carried out as part of the 2020/21 external audit programme and no significant risks were identified in the three domains of Financial Sustainability, Governance and Improving Economy, Efficiency and Effectiveness to suggest that appropriate VfM arrangements were not in place.

In 2019/20 the Trust demonstrated a good level of productivity which was evidenced by having the ninth lowest total cost per weighted activity unit (WAU) in the country. More recent comparisons have been difficult due to the pandemic, and the differential impact of Covid across the county will make national benchmarking problematic for some time.

The Trust is part of the Frimley Integrated Care System (ICS) which operated under the principle of "one system – one budget". This means the Trust's expenditure for 2020/21 has been included within a wider system control total and the overall financial position is reviewed at system level, including by the ICS board. The Trust is fully engaged in the ICS to manage its financial position, and in particular around income levels.

The Trust had healthy cash reserves at the end of March 2021 and could consistently meet its financial obligations and pay its staff and suppliers in the immediate term, as reflected by its capital service and liquidity metrics.

6.0 Compliance with information governance and data security

All reported incidents are investigated by the Trust's Information Governance (IG) team and where applicable, Trust policies and procedures are revised to prevent incidents re-occurring as well as incorporating lessons learnt into the Trust's annual IG induction and refresher training.

The IG work programme sets a robust framework of work to be undertaken and completed throughout the year in order to demonstrate the Trust's compliance with the Data Security and Protection (DSP) Toolkit.

In light of the Covid-19 pandemic, NHS Digital extended the deadline for submission of the Data Security and Protection Toolkit until September 2020; the Trust completed the submission with a rating of 'Standards not Met – Action Plan Agreed' with an Improvement Plan in place to support the completion of the standards. NHS Digital has again extended the deadline for submission of the Data Security and Protection Toolkit until June 2021.

Since the implementation of the General Data Protection Regulation/Data Protection Act 2018, where an incident relates to personal data, the focus of the impact/harm to an individual determines whether it is classed as a Serious Untoward Incident (SUI). Due to this change of emphasis, the Trust reported 3 serious untoward incidents involving personal data in 2020-21, in line with the Guidance to the Notification of Data Security and Protection Incidents by NHS Digital. A summary of SUI and data-related incidents reported during the year is shown below:

Summary of Serious Incidents Requiring Investigations Involving Personal Data as Reported to the Information Commissioners Office in 2020-2021

Month of Incident	Nature of Incident	Nature of Data Involved	Number of Data Subjects Potentially Affected	Notification Steps
April-20	Address disclosed to estranged Father who was not to have contact with the family.	Patient confidential information	3	ICO, NHS Digital DSPT
May-20	Letter sent to incorrect address and collected by estranged Father who was not to know where the family lived.	Patient confidential information	3	ICO, NHS Digital DSPT
Feb-21	Symphony not sending discharge summaries to GP Practices, therefore not disclosing potential need for patient follow-up.	Patient confidential information	1100	ICO

7.0 Data Quality and Governance

As an organisation Frimley Health Foundation Trust recognises the importance of reliable information as a fundamental requirement to support the successful treatment of patients. The availability of complete, accurate and timely data is critical in the delivery of effective and high performing clinical services.

To this end, the Trust is developing the NHS Digital Data Quality Framework which underpins the concept of “Getting it Right First Time”. The framework details a fundamental premise for ensuring that data capture, both electronic and manual collection, is the responsibility of all staff within the organisation.

The Director of Finance is the Trust’s Data Quality Lead which is integral to his role as the Senior Information Risk Owner. All executive directors, Chiefs of Service and Associate Directors have responsibility for the quality of data collected in their individual directorates and departments. Data quality is also an integral measure in the assessment of directorate performance.

All staff are encouraged to take responsibility for data quality at the point of collection, to ensure that data is validated with the patient and systems are updated to reflect any identified changes. Internal and external audits are conducted on an annual basis to assess the quality of data and identify any weaknesses in the recording of key data along the patient pathway.

The Trust has a Quality Assurance Committee (QAC) which is attended by the Chief Executive, Chief of Nursing and Midwifery and the Medical Director and is chaired by the lead non-executive director for quality. The QAC provides assurance and scrutiny of quality information reported by the Trust.

The Board of Directors formally reviews performance against the quality indicators at the bi-monthly Board meetings. During the reporting year we continued to make a number of revisions to improve performance reporting to enable the Board to receive effective quality and performance information and to highlight performance exceptions against the quality standards. Statistical Process Control (SPC) methodology has been introduced and SPC charts and analysis outputs are included in the Board report, to provide a clear visual overview of variation in performance and Board assurance in relation to NHS targets. These are supported by exception reports where required and a suite of benchmarking information.

We plan to widen the use of SPC methodology within the Board report over the coming year, both in terms of automating the analysis process, and expanding this method to include a wider range of measures. The overall aim is highlight to the Board significant changes in performance instead of the fluctuations that arise from seasonal variations.

There is a dedicated team of validators within Frimley Health who are responsible for the data quality and accuracy of the elective waiting list. Utilising the trust PTL (Primary Target List) and the Elective Access Qlikview Dashboard, this team constantly validates the elective patient records. The validation teams work closely with the operational managers to ensure the accuracy of elective waiting list information.

Elective waiting lists are owned and managed by the individual directorates and data quality oversight rests with the clinicians, operational managers, secretaries and administration teams. Regular performance meetings are held to ensure the robustness of the data quality of the elective admissions list. The Qlikview Dashboards contains validation updates which are available to all operational areas for review and action.

All the patients on the elective admitted waiting list have all been risk stratified against the recommended Royal College of Surgeons guidance.

Covid-19

The continuation of the Covid-19 pandemic in this year did not have an adverse impact on the Trust's system of internal control and we were able to adapt our governance arrangements in response to the coronavirus outbreak. Although physical meetings were not possible during the year, virtual Board meetings, committee meetings and Council of Governor meetings were held on a regular basis. Additional briefing sessions were introduced during the first and second waves to update non-executive directors and governors on the Trust's response to Covid-19.

To address the risks and challenges arising from Covid-19 we adjusted our governance arrangements to provide assurance throughout the period. The specific actions were:

a) Establishment of platinum, gold and silver command and control frameworks. There was a slight variation between wave 1 and 2 of the pandemic as we implemented the lessons from the initial surge.

b) Introduced Covid-specific risk register to mitigate and manage the risks

c) Redeployment of staff and rapid skills development to support critical areas within the Trust

d) Oversight of waiting lists and management of patients requiring urgent investigation and treatment

e) Increased visibility of senior management team across the acute sites and walkabouts

f) Daily briefings with system integrated care community (ICC) hubs and CEO weekly support

g) Executive level relationships across integrated care systems (ICS) for mutual aid and support and benchmarking of actions

h) Daily and weekly quality dashboard and with specific daily actions in relation to nosocomial infections. Quality actions were benchmarked against other ICSs

i) Risk assessments of our vulnerable staff groups. Health and wellbeing support established at the outset for Frimley staff.

j) Increased communications and briefings for staff and professional groups

The Trust's governance arrangements enabled a prompt and agile response to the significant change in circumstances. The Trust was able to maintain control over its decision making and the business continuity plans were found to be robust.

8.0 Review of effectiveness

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

The key considerations of my review of the effectiveness of the system of internal control can be summarised as follows:

- The Board and its committees have been actively involved in reviewing the Board Assurance Framework and Corporate Risk Assurance Framework. These documents provide me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.
- The Board has monitored progress against the top risks facing the organisation and throughout the year has assured itself that the actions to address risks against the strategic objectives are proportionate and effective across the range of its business.
- A comprehensive programme of clinical audit as reported in the Quality Accounts
- Internal monitoring arrangements such as the quality report, the financial, workforce and operational performance reports, and the directorate performance information.
- The Audit Committee has overseen the system of internal control, especially with regard to corporate risk and counter fraud.
- Internal Audit has reviewed the Trust's internal controls based on an audit plan approved by the Audit Committee. Where scope for improvement was found, recommendations were made, and appropriate action plans agreed with management.
- The Head of Internal Audit Opinion did not, based on the work they undertook during the year, highlight any significant control issues. Overall, a moderate assurance opinion (significantly meets expectations) was provided, confirming there was a sound system of internal control, designed to meet the Trust's objectives and that controls were being applied consistently. Where there was some risk of failure or non-compliance identified in the internal review process, management actions to address these weaknesses were agreed and are progressing.
- This effectiveness review is a recurring process throughout the year marked by revisions of the Board Assurance Framework and a review of performance by the Board.

8.1 Other Internal Assurances

My review of the effectiveness of internal control has also taken into consideration feedback from the Quality Assurance Committee, Finance and Investment Committee, Audit Committee and Board of Directors. A system of continuous improvement is in place with in-depth focused work triggered by identification of risks.

- Frimley Health NHS Foundation Trust assurance process for monitoring levels of compliance against CQC registration
- The annual report from the Trust Freedom to Speak Up Guardian and the establishment of Freedom to Speak up Champions and Advocates, all of whom are available to encourage staff to raise their concerns
- The work of the Clinical Audit & Effectiveness Committee encompassing a wide range of clinical audits that were undertaken during 2020/2021. These provide assurance that controls are in place for clinical processes and, where risk is identified through these audits, this is escalated through the risk management process.

In addition, I gain assurance from the following third party sources:

- The annual report of the Trust's external auditors and regular reports from the internal auditors and the local counter fraud specialist
- Patient and staff surveys
- Care Quality Commission review reports
- NHSE&I monitoring and other benchmarking
- External reviews from other sources such as the Deanery, clinical networks, and the Health and Adult Social Care Select Committee for Buckinghamshire County Council

8.2 External Reviews

My review is also informed by the following external reviews of the organisation's services during the reporting year:

- Capsticks external review of 9 maternity cases in 2019 at Frimley Park Hospital (results shared in 2020)
- Ockenden Assessment & Assurance Tool submission to NHS England in December 2020 and February 2021
- All maternity cases that fulfil the HSIB criteria are investigated externally
- UKAS Microbiology Frimley & Wexham December 2020
- UKAS Cellular Pathology and Molecular Diagnostics February 2021

- UKAS Histology Wexham October 2020
- UKAS Cytology January 2021
- UKAS Blood Science Wexham January 2021
- Health & Safety Executive inspection December 2020
- NHS England National Reporting and Learning System Report September 2020
- NHS Standards of Procurement, Level 2 awarded December 2020
- Results of the 2020 National Staff Survey with 72% of staff who responded recommending the Trust as a place to work
- MHRA GCP Inspection
- Deanery & College Inspections

9.0 Conclusion

My review confirms that Frimley Health NHS Foundation Trust has a generally sound system of governance that supports the achievement of its policies, aims and objectives. Issues in-year have been or are being addressed and no significant internal control issues have been identified.

Neil Dardis
Chief Executive
10 June 2021

Annual Accounts 2020-21

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF FRIMLEY HEALTH NHS FOUNDATION TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Frimley Health NHS Foundation Trust ("the Trust") for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Taxpayers Equity and 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 Trust's affairs as at 31 March 2021 and of its income and expenditure for the year then ended; and
- 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 and the Department of Health and Social Care Group Accounting Manual 2020/21.

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 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.

Going concern

The Directors have 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 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 its 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").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Trust's business model and analysed how those risks might affect the Trust's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for the going concern period.

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 Trust will continue in operation.

Fraud and breaches of laws and regulations – ability to detect
Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management, the Audit Committee and internal audit as to the Trust's high-level policies and procedures to prevent and detect fraud ,including the internal audit function, and the Trust's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Assessing the incentives for management to manipulate reported financial performance as a result of the need to achieve control totals delegated to the Trust by NHS Improvement
- Reading Board and Audit Committee minutes.

- Using analytical procedures to identify any unusual or unexpected relationships.
- Reviewing the Trust's accounting policies.

We communicated identified fraud risks to all members of the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet delegated targets, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that a revenue stream is recorded in the wrong period and the risk that Trust management may be in a position to make inappropriate accounting entries.

In line with the guidance set out in Practice Note 10 Audit of Financial Statements of Public Sector Bodies in the United Kingdom we also recognised a fraud risk related to expenditure recognition, particularly in relation to year-end accruals.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals posted with unusual account combinations, journals posted by specific users and journals posted after the 01 March 2021 which reduce reported expenditure.
- Assessing significant estimates for bias.
- Assessing the completeness of disclosed related party transactions and verifying they had been accurately recorded within the financial statements.
- Agreeing a sample of year end accruals to relevant supporting documents, including actual invoices received post year end, where applicable.
- Performing cut-off testing of income and expenditure in the period before and after 31 March 2021 to determine whether amounts have been recorded in the correct period

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

As the Trust is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Trust is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Trust is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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

Annual Governance Statement

We are required to report to you if the Annual Governance Statement has not been prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2020/21. We have nothing to report in this respect.

Remuneration and Staff Reports

In our opinion the parts of the Remuneration and Staff Reports subject to audit have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2020/21.

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 74-75, the Accounting Officer is responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: 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 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 Trust without the transfer of its 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

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

Under the Code of Audit Practice, we are required to report if we identify any significant weaknesses in the arrangements that have been made by the Trust to secure economy, efficiency and effectiveness in its 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 Trust is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources.

Under Section 62(1) and paragraph 1(d) of Schedule 10 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 Trust'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 and related statutory guidance having regard to whether the Trust had proper arrangements in place to ensure financial sustainability, proper governance and the use of information about costs and performance to improve the way it manages and delivers its services. Based on our risk assessment, we undertook such work as we considered necessary.

Statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice to report to you if:

- any reports to the Regulator have been made under paragraph 6 of Schedule 10 of the National Health Service Act 2006.
- any matters have been reported in the public interest under paragraph 3 of Schedule 10 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.

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 Trust. 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 Trust, 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 Frimley Health NHS Foundation Trust for the year ended 31 March 2021 in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice.

Joanne Lees
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

15 June 2021

FOREWORD TO THE ACCOUNTS

FRIMLEY HEALTH NHS FOUNDATION TRUST

The accounts are prepared in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006.

Signed: Neil Dardis, Chief Executive

Date: 10 June 2021

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	NOTE		2020/21 £000		2019/20 £000
Operating income from patient care activities	2		**721,410**		**665,412**
Other operating income			**114,801**		91,856
Operating expenses	3-4		**(829,778)**		(730,675)
Net operating surplus from continuing operations			**6,433**		26,593
Finance costs					
Finance income		**0**		1,283	
Finance expenses - financial liabilities	5	**(748)**		(816)	
(Loss)/Gain on disposal of asset		**(148)**		(128)	
Public Dividend Capital dividends payable		**(9,812)**		(11,307)	
Net finance costs			**(10,708)**		(10,968)
(DEFICIT)/SURPLUS FOR THE YEAR			**(4,275)**		15,625
Other comprehensive income/expense:					
Revaluation gain on property, plant and equipment	9		**0**		327
Impairment loss on property, plant and equipment	9		**(4,328)**		(17,616)
TOTAL COMPREHENSIVE INCOME(EXPENSE) FOR THE YEAR			**(8,603)**		(1,664)

The following notes 1 to 21 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2021

	NOTE	31 March 2021 £000	31 March 2020 £000
Non-current assets			
Intangible assets	8	**25,483**	17,402
Property, plant and equipment	9	**455,986**	408,750
Total non-current assets		**481,469**	426,152
Current assets			
Inventories	10	**9,945**	11,344
Trade and other receivables	11	**45,367**	76,383
Cash and cash equivalents	15	**195,758**	191,525
Total current assets		**251,070**	279,252
Current liabilities			
Trade and other payables	12.1	**(91,012)**	(64,429)
Tax payable	12.1	**(10,874)**	(9,591)
Other financial liabilities	12.2	**(8,386)**	(8,351)
Other liabilities	12.4	**(22,852)**	(24,967)
Provisions for liabilities and charges	13	**(327)**	(434)
Total current liabilities		**(133,451)**	(107,772)
Total assets less current liabilities		**599,088**	597,632
Non current liabilities			
Other financial liabilities	12.3	**(44,525)**	(52,646)
Provisions for liabilities and charges	13	**(981)**	(255)
TOTAL ASSETS EMPLOYED		**553,582**	544,731
FINANCED BY:			
TAXPAYERS' EQUITY			
Public dividend capital		**339,278**	321,823
Revaluation reserve		**81,821**	86,149
Income and Expenditure Reserve		**132,483**	136,759
TOTAL TAXPAYERS' EQUITY		**553,582**	544,731

The financial statements on pages 8 to 48 were approved by the Board of Directors and signed on its behalf by

Neil Dardis, Chief Executive 10 June 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 March 2021

	2020/21 £000	2019/20 £000
Cash flows from operating activities		
Operating surplus	**6,433**	26,593
Depreciation and amortisation	**27,151**	19,592
Impairments	**3,785**	8,814
Non cash donations credited to income	**(1,383)**	(263)
Decrease/(Increase) in Inventories	**1,399**	(1,434)
Decrease in Trade and other receivables	**30,152**	11,334
Increase/(Decrease) in Trade and other payables	**22,968**	(2,174)
Increase in Provisions	**619**	122
Net cash generated from operating activities	**91,124**	62,584
Cash flows from investing activities		
Interest received	**0**	1,283
Purchase of intangible assets	**(9,183)**	(9,604)
Purchase of Property, Plant and Equipment	**(76,043)**	(54,954)
Receipt of cash donations to purchase capital assets	**31**	0
Sale of Property, Plant and Equipment	**0**	56
Net cash used in investing activities	**(85,195)**	(63,219)
Cash flows from financing activities		
Public dividend capital received	**17,455**	17,486
Movement in loans from DHSC	**(6,840)**	55,580
Interest on DHSCC loans	**(707)**	(466)
Movement in other loans	**(1,009)**	(1,005)
PDC dividend paid	**(10,316)**	(12,378)
Capital element of finance lease rental payments	**(210)**	(228)
Other interest/interest paid	**0**	(1)
Interest element of finance leases	**(68)**	(84)
Net cash generated from financing activities/(used in financing activities)	**(1,695)**	58,904
Increase in cash and cash equivalents	**4,234**	58,269
Cash and cash equivalents at 1 April	**191,525**	133,256
Cash and cash equivalents at 31 March	**195,758**	191,525

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2021

	Total	Revaluation Reserve	Income and Expenditure Reserve	Public Dividend Capital
	£000	£000	£000	£000
Taxpayers' equity as at 1 April 2020	544,731	86,149	136,759	321,823
Deficit for the year	(4,275)	0	(4,275)	0
Impairment loss on property, plant and equipment	(4,328)	(4,328)	0	0
Public dividend capital received	17,455	0	0	17,455
As at 31 March 2021	**553,583**	**81,821**	**132,484**	**339,278**

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

	Total	Revaluation Reserve	Income and Expenditure Reserve	Public Dividend Capital
	£000	£000	£000	£000
Taxpayers' equity as at 1 April 2019	528,909	103,438	121,134	304,337
Surplus for the year	15,625	0	15,625	0
Revaluation gain on property, plant and equipment	327	327	0	0
Impairment loss on property, plant and equipment	(17,616)	(17,616)	0	0
Transfer from reval reserve to I&E reserve for impairments arising from consumption of economic benefits	0	0	0	0
Public dividend capital received	17,486	0	0	17,486
As at 31 March 2020	544,731	86,149	136,759	321,823

Revaluation Reserve - any gains/(losses) on property, plant and equipment are recorded in the revaluation reserve.

The Income and Expenditure Reserve - records any surplus or deficit on a non-profit-seeking concern.

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.

NOTES TO THE ACCOUNTS

1 Accounting policies and other information

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2020/21 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 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.

The annual report and accounts have been prepared on a going concern basis. Non-trading entities in the public sector are assumed to be going concerns where the continued provision of a service in the future is anticipated, as evidenced by inclusion of financial provision for that service in published documents.

1.2 Revenue from contracts

1.2.1 Revenue from contracts with customers

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

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability. Credit terms are not offered.

1.2.2 Revenue from NHS contracts

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 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. This accrual is disclosed as a contract receivable as entitlement to payment for work completed is usually only dependent on the passage of time.

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.

1.2 Revenue from contracts (Continued)

1.2.3 Revenue from research contracts

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. Some research income alternatively falls within the provisions of IAS 20 for government grants.

1.2.4 NHS injury cost recovery scheme

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 performance obligations are satisfied. In practical terms this means that treatment has been given, 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.

1.2.5 Provider sustainability fund (PSF) and Financial recovery fund (FRF)

The PSF and FRF enable 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.

1.2.6 Other income

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

Income from donations and grants

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grant is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

As regards the Frimley Health Charity any legacies are accounted for as incoming resources where the receipt of the legacy is probable; this will be once confirmation has been received from the representatives of the estate(s) that payment of the legacy will be made or property transferred and once all conditions attached to the legacy have been fulfilled.

Apprenticeship service income

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.

1.3 Expenditure on Employee Benefits (continued)

Short-term employee benefits

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

Pension Costs

NHS Pension Scheme

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

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

a) Accounting valuation

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

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

b) Full actuarial (funding) valuation

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

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

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

1.3 Expenditure on Employee Benefits (continued)

c) Scheme provisions

The Scheme is a “final salary” scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as “pension commutation”.

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) has been used and replaced the Retail Prices Index (RPI).

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year’s pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC’s run by the Scheme’s approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

1.4 Expenditure on other goods and services

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

1.5 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the 'First In First Out ' (FIFO) method.

1.6 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust;
- it is expected to be used for more than one financial year; and
- the cost of the item can be measured reliably.

Property, plant and equipment assets are capitalised if they are capable of being used for a period which exceeds one year and they:

Property, plant and equipment (continued)

- individually have a cost of at least £5,000; or
- form a group of assets which individually have a cost of more than £250, collectively have a cost of at least £5,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- form part of the initial 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. plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

Measurement

Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land and buildings are measured subsequently at fair value, other assets are valued at depreciated cost.

Property, plant and equipment are stated at the lower of replacement cost or recoverable amount. On initial recognition they are measured at cost (for leased assets, fair value) including any costs, such as installation, directly attributable to bringing them into working condition. The carrying values of property, plant and equipment are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. The costs arising from financing the construction of the property, plant and equipment are not capitalised but are charged to the statement of comprehensive income in the year to which they relate in accordance with Monitor's interpretation of IAS 23 revised.

All land and buildings are revalued using professional valuations in accordance with IAS 16. The frequency of valuations is dependent upon changes in the fair value of the items of property, plant and equipment being revalued. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period.

Valuations are carried out by independent professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual.

Valuations are carried out primarily on the basis of depreciated replacement cost on a modern equivalent asset basis for specialised operational property and existing use value for non-specialised operational property.

The value of land for existing use purposes is assessed at existing use value. For non-operational properties including surplus land, the valuations are carried out under fair value based on alternative use.

Valuation for land and buildings have been carried out using an optimised site basis across all Trust sites.

The District Valuation Service (DVS) completed a desktop update valuation as at 31 March 2021 of all properties held by the Trust which qualify as non-current assets. This included the Frimley Park Hospital, Heatherwood Hospital and Wexham Park Hospital sites.'

1.6 Property, plant and equipment (continued)

As at the valuation date, the valuer has considered that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that the valuer is faced with an unprecedented set of circumstances on which to base a judgement. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

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

Operational equipment has not been inflated due to it being immaterial.

Additional alternative open market value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

Assets in the course of construction are valued at cost and are valued by professional valuers as part of the property, plant and equipment valuation or when they are brought into use.

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 economic lives or low values or both, as this is not considered to be materially different from current value in existing use.

Equipment surplus to requirements is valued at net recoverable amount.

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 future economic benefits 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 reliably determined. The carrying amount of the part replaced is derecognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits on a straight line basis. Freehold land is considered to have an indefinite life and is not depreciated.

Property, plant and equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon reclassification. Assets in the course of construction are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Plant and machinery, information technology equipment and furniture and fittings are depreciated on current cost basis evenly over the estimated life. The useful economic life for equipment assets is typically between 2 to 8 years for IT assets, and between 2 to 15 years for plant and equipment.

Asset lives of buildings and dwellings are up to a maximum of 80 years. Buildings across the sites are deemed to have a useful economic live ranging from 13 years to 77 years

Revaluation and impairment

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in operating expenses, in which case they are credited to operating income.

1.6 Property, plant and equipment (continued)

At each financial year end, checks are made to consider whether there is any indication that its property, plant and equipment or intangible assets have suffered an impairment loss. If there is indication of such an impairment, 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 at the financial year end.

Where an impairment is not the result of a loss of economic benefit or service potential, decreases in asset values and impairments 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. Impairments can arise when land and building valuations have been conducted by independent professionally qualified valuers. Where an impairment is due to a loss of economic benefit or service potential in the asset, the impairment is charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of

i) the impairment charged to operating expenses; and

ii) the balance in the revaluation reserve attributable to that asset before the impairment.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

De-recognition

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

i) the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales; and

ii) the sale must be highly probable i.e.;

- management are committed to a plan to sell the asset;
- an active programme has begun to find a buyer and complete the sale;
- the asset is being actively marketed at a reasonable price;
- the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and
- the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'Held for Sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Donated property plant and equipment

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 the future economic benefits embodied in the donation/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 assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

1.7 Intangible assets

Recognition

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

Intangible assets are capitalised if they are capable of being used for a period which exceeds one year, they can be valued and have a cost of at least £5,000.

Software

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

Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management. Revaluation gains and losses and impairments are treated in the same manner as for property, plant and equipment.

Depreciated replacement cost is being used as a proxy of fair value for intangible assets. The assessment of intangible assets highlights that software held typically has a life of approximately 3 to 7 years.

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

Amortisation

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Intangible assets on the Statement of Financial Position have a life of between 3 to 7 years assigned.

1.8 Jointly controlled operation

The Trust is a member of Berkshire and Surrey Pathology Service, which incorporates Ashford and St. Peter's Hospitals NHS Foundation Trust and Royal Surrey County Hospital NHS Foundation Trust (RSCH) and Royal Berkshire Hospital NHS Foundation Trust (RBH). This arrangement operates within the definition of a jointly controlled operation under IAS 31.

The Trust accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the Berkshire and Surrey Pathology Services, identified in accordance with the Pathology service agreement. Accordingly both the RSCH and Ashford and St. Peter's Hospitals NHS Foundation Trust, and RBH also account for their share of the assets, liabilities, income and expenditure in their financial statements.

1.9 Cash, bank and overdrafts

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours.

1.9 Cash, bank and overdrafts (continued)

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. Cash, bank and overdraft balances are recorded at current values.

Cash, bank and overdraft balances are recorded at the fair value of these balances in the Trust's cash book. These balances exclude monies held in the Trust's bank account belonging to patients (see note 20 - Third party assets). Interest earned on bank accounts and interest charged on overdrafts is recorded as, respectively, "interest receivable" and "interest payable" in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they

1.10 Financial instruments and financial liabilities

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.

This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

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 are categorised as 'Loans and receivables'. Financial liabilities are classified as 'Other financial liabilities'.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets.

The Trust's loans and receivables comprise: cash and cash equivalents, NHS receivables, accrued income and other receivables.

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

Other financial liabilities

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

They are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities.

1.10 Financial instruments and financial liabilities (continued)

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance Costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

Impairment of financial assets

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

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced through the use of a bad debt provision.

De-recognition

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

1.11 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 inception of the lease, thereafter the asset is accounted for as an item of property plant and equipment and are de-recognised when the liability is discharged, cancelled or expires. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to Finance Costs in the Statement of Comprehensive Income.

Operating leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately. Leased land is treated as an operating lease.

1.12 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 the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury. The rate applicable for early retirement provisions and injury benefit provisions is 0.18% (2019/20 0.55%) in real terms.

1.13 Clinical negligence costs

NHS Resolution (formerly NHS Litigation Authority) 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 Trust carries no liabilities in relation to these claims. 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 14 but is not recognised in the Trust's accounts.

1.14 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 claims arising. The annual membership contributions, and any 'excesses' payable in respect of particular claims are charged to operating expenses when the liability arises.

1.15 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, but are disclosed in the notes to the accounts where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in a note to the accounts unless the probability of 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 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.

1.16 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 International Accounting Standard (IAS) 32.

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

The Secretary of State requires that NHS providers pay a PDC dividend based on a charge of 3.5% of actual average relevant net assets, including subsidiaries (but not consolidated NHS charities), during the financial year as determined in the draft/unaudited accounts submitted to NHS Improvement. Any difference between the amount of PDC dividend paid, and dividend expense, for the financial year must be recorded as a receivable or payable in the SoFP.

1.16 Public dividend capital (Continued)

Once determined for the draft accounts, the PDC dividend expense is not recalculated to take account of any changes in net assets that may be recognised as a result of the audit of the accounts, or due to calculation errors subsequently identified in respect of prior years. The PDC dividend payable (or receivable) is only adjusted in audited accounts to correct for errors in the calculation of the PDC dividend itself made in the draft accounts for that reporting year.

The calculation of relevant assets is as follows:

	£000's
Relevant net asset calculation	**Value**
Total public dividend capital and reserves	£551,612
Less: Net book value of donated and grant funded assets	-£9,332
Less: Charitable funds (before any consolidation adjustments for charitable funds)	£0
Less: Net cash balances in GBS accounts (excluding cash balances in GBS accounts that relate to a short-term working capital facility)	-£255,502
Less: Outstanding PDC Dividend prepayments	£0
Plus: Outstanding PDC Dividend payables	£0
Less: Approved expenditure on COVID-19 capital assets	-£6,030
Less: Assets under construction for nationally directed schemes	£0
Add: Cash support for revenue requirements PDC drawn in-year	£0
Total relevant net assets	£280,748

The adjustment to net relevant assets calculation in respect of the Government Banking Service (GBS) must be calculated on the basis of average daily cleared balances. In practice therefore, GBS values are not deducted from 1 April and 31 March net relevant assets calculations as spot values at those dates. Rather, average net relevant assets including GBS for the year is calculated, and then the average daily cleared GBS balances deducted from that figure to arrive at the relevant net assets amount for the calculation of the dividend. National Loans Fund deposits are considered to be analogous to GBS balances for the calculation of relevant net assets and must also be calculated on an average daily basis.

The rationale behind the changes made to the PDC dividend expense calculation relating to; debt conversion to PDC for 2020 to 2021, COVID-19 assets, assets under construction for nationally directed schemes (AUC relief) and revenue based PDC requirements, are detailed in section 7 of the Secretary of State's Guidance under section 42A of the National Health Service Act 2006.

1.17 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 non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.18 Corporation Tax

Section 148 of the Finance Act 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 activity is subject to tax. Significant is defined as annual taxable profits of £50,000 per trading activity.

The majority of the Trust's activities are related to core healthcare and are not subject to tax.

1.19 Foreign exchange

The functional and presentational currencies of the Trust are 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 the transaction.

Where the Trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items (other than financial instruments measured at 'fair value through income and expenditure') are translated at the spot exchange rate on 31 March;
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction; and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or 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.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

1.20 Third party assets

Assets belonging to third parties (such as money held on behalf of patients see note 20 of the accounts) are not recognised in the Trust's accounts since the Trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of the HM Treasury Financial Reporting Manual.

1.21 Reserves

Other reserves have been created to account for differences between the Trust's opening capital debt (Public Dividend Capital on its inception as an NHS Foundation Trust) and the value of net assets transferred to it. Details of other movements in reserves in respect of the acquisition of H&WPH are detailed at note 7.

1.22 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Trust's accounting policies, management is required to make various judgements, estimates and assumptions. These are reviewed regularly.

1.22.1 Critical judgements in applying accounting policies

There are no material judgements, except those involving estimates, which are disclosed below.

However, the Trust has made the following judgements that have an immaterial effect on the financial statements:

* Partially completed spells income has been calculated using different methodologies by the two legacy organisations. Both calculations are in keeping with prior years and are considered reasonable estimates and approaches upon which commissioners have agreed to the figures calculated.

* The Maternity work in progress is calculated using the department of health technical accounting guidance on part payments for antenatal care that often spans more than one financial year. The methodology used is consistent with previous years and has been agreed with the commissioners.

1.22.2 Sources of estimation uncertainty

The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

PPE valuations: A desktop update was undertaken as at 31 March 2021 as a full asset valuation of the land and buildings was undertaken as at 31 March 2020. The valuations have been undertaken under IFRS, the RICS advises that assumptions underpinning the concepts of fair value should be explicitly stated and identifies two potential qualifying assumptions: "the Market Value on the assumption that the property is sold as part of the continuing enterprise in occupation" (effectively Existing Use Value); or "the Market Value on the assumption that the property is sold following a cessation of the existing operations" (in effect the traditional understanding of Market Value).

The Department of Health has indicated that for NHS assets it requires the former assumption to be applied for operational assets, this is the approach that was taken by the DV. The Market Value used in arriving at fair value for operational assets is therefore subject to the assumption that the property is sold as part of the continuing enterprise in occupation.

In the view of the Trust there are no further estimates or judgements which if wrong could significantly affect financial performance.

1.23 Charitable Funds

Material entities over which the Trust has the power to exercise control so as to obtain economic or other benefits are classified as subsidiaries and are consolidated. Their income and expenses; gains and losses; assets, liabilities and reserves; and cash flows are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the Trust's or where the subsidiary's accounting date is before 1 January or after 30 June.

Frimley Health NHS Foundation Trust is the Corporate Trustee of the Frimley Health Charity. The charity is deemed to be a subsidiary under the prescriptions of IAS 27. International Accounting Standards dictate that consolidated accounts should be prepared, that include the result and Statement of Financial Position of this subsidiary undertaking.
Consolidation of the Charitable Funds with the Trust's main accounts was deemed to be immaterial for 2020/21 Accounts. The unaudited value of the Charitable Funds reserves as at 31 March 2021 is circa £5.8m (2019/20 £4.6m), income received during the year was £1.8m (2019/20 £2.0m) and expenditure was £1.4m (2019/20 £1.4m).

Frimley Health NHS Foundation Trust is the sole beneficiary of the Frimley Health Charity. The charity registration number is 1049600 and the registered address is Portsmouth Road, Frimley, Camberley, Surrey GU16 7UJ. Accounts for the charity can be obtained from http://www.gov.uk/government/organisations/charity-commission

1.24 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. The losses and special payments note is compiled directly from the losses and compensations register which reports on an accruals basis with the exception of provisions for future losses.

1.25 Changes to Accounting Policies

The following are a list of recently issued accounting standards and amendments which have not yet been adopted within the FReM, and are therefore not applicable to DH group accounts in 2020 - 21.

IFRS 14 Regulatory Deferral Accounts

Not EU-endorsed. Applies to first time adopters of IFRS after 1 January 2016. Therefore, not applicable to DHSC group bodies.

IFRS 17 Insurance Contracts

Application required for accounting periods beginning on or after 1 January 2021. Standard is not yet adopted by the FReM which is expected to be from April 2023: early adoption is not permitted.

IFRS 16 Leases this standard has been further delayed until 1 April 2022

IFRS 16 Leases will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable in the public sector for periods beginning 1 April 2022 The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

1.25 Changes to Accounting Policies (Continued)

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

On transition to IFRS 16 on 1 April 2022, the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 1.27% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. No adjustments will be made on 1 April 2022 for existing finance leases.

For leases commencing in 2022/23, the trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

HM Treasury revised the implementation date for IFRS 16 in the UK public sector originally to 1 April 2021 on 19 March 2020. This was 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.

2. Operating Income from patient care activities

		Restated	
	2020/21	2019/20	2019/20
2.1 Income from patient care activiites (by nature)	**£000**	£000	£000
Acute Services			
Elective income			110,532
Non elective income			226,822
Outpatient income			97,777
A&E income			43,417
Other NHS clinical income			151,920
Other NHS clinical income - includes COVID			2,755
Commissioner requested services			633,223
Block contract / system envelope income	**656,111**	478,548	
High cost drugs income from commissioners	**8,240**	43,775	
Other NHS clinical income*	**580**	101,628	
Community services			
Block contract / system envelope income	**17,100**	6,517	
Other clinical income	**13,400**	2,755	-
	695,431	633,223	
Additional pension costs	**19,973**	18,476	
Private patient income	**4,420**	10,680	
Non-NHS Overseas patients (charged to patient)	**586**	1,596	
NHS Injury Scheme	**1,000**	1,437	
Total Income from activities	**721,410**	665,412	665,412

All income from patient care activities relates to contract income recognised in line with accounting policy

2.2 Overseas visitors (relating to patients charged directly by the provider)	2020/21 £000	2019/20 £000
Income recognised this year	**586**	1,596
Cash payments received in-year	**212**	605
Amounts added to provision for impairment of receivables	**882**	130
Amounts written-off in year	**535**	803

2.3 Other operating income

Other operating income from contracts with customers:		
Reimbursement and top up funding	**74,416**	0
Contributions to expenditure - consumables (inventory) donated from DHSC group bodies for COVID response	**10,313**	0
Education and training (excluding national apprenticeship levy income)	**15,212**	13,278
Non-patient care services to other bodies	**0**	13,090
Research and development (contract)	**1,305**	1,327
Non commissioner requested services	**101,246**	27,695
Other non-contract operating income:		
Education and training - notional income from apprenticeship fund	**672**	703
Car Parking	**1,304**	5,318
Catering	**1,912**	3,701
Charitable and other contributions to expenditure	**103**	263
Staff accommodation	**197**	231
Clinical Excellence Award	**139**	276
Creche	**1,128**	661
Clinical tests	**3,917**	778
Charitable and other contributions to expenditure - received from other bodies	**0**	47
Donated equipment from DHSC for COVID response (non-cash)	**1,249**	0
Sustainability and Transformation Fund income	**0**	23,389
Other operating income	**2,934**	28,794
	13,555	64,161
Total other non-contract operating Income	**114,801**	91,856

2.4 Income from activities arising from commissioner requested services

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

	31 March 2021 £000	31 March 2020 £000
Total Commissioner requested services	**695,431**	633,223
Non-Commissioner requested services	**101,246**	27,695
Total Operating income	**796,677**	660,918
- Additional pension costs	**19,973**	18476
- Private patient income	**4,420**	10,680
- Overseas patients (non-reciprocal)	**586**	1,596
- NHS Injury Scheme	**1,000**	1,437
Other income	**13,555**	64,161
Non-Commissioner requested services	**39,534**	96,350
Total Income	**836,211**	**757,268**

3. Operating Expenses

3.1 Operating expenses comprise	2020/21 £000	2019/20 £000
Purchase of healthcare from NHS bodies	**2,009**	2,391
Purchase of healthcare from non-NHS bodies	**14,735**	11,380
Chair and non-executive directors' costs	**190**	195
Executive directors' costs	**1,847**	1,988
Staff costs	**497,959**	451,064
Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%)	**19,973**	18,476
Education and training - notional expenditure funded from apprenticeship fund	**672**	703
Drug costs	**73,628**	65,151
Supplies and services - clinical (excluding drug costs)	**73,238**	64,395
Supplies and services - general	**8,117**	9,421
Supplies and services – clinical: utilisation of consumables donated from DHSC group bodies for COVID response	**10,313**	0
Supplies and services – general: notional cost of equipment donated from NHSE for COVID response below capitalisation threshold	**249**	0
Establishment	**6,800**	7,745
Transport	**4,075**	3,411
Premises	**44,500**	31,814
(Decrease)/increase in bad debt provision	**4,137**	1,503
Depreciation	**26,049**	19,152
Amortisation on intangible assets	**1,102**	440
Property, plant and equipment impairment	**3,785**	8,814
Audit Fees - statutory audit	**82**	79
Other auditor remuneration (external auditor only)	**0**	7
Internal audit fees and local counter fraud service	**85**	85
Clinical negligence	**26,311**	22,317
Rentals under operating leases	**505**	566
Consultancy costs	**3,832**	3,308
Legal Fees	**629**	467
Education training and conferences	**1,723**	1,359
Other expenses	**3,233**	4,444
	829,778	730,675

3.2 Auditor's remuneration

The Council of Governors appointed KPMG as the external auditors from 1 April 2016, for a period of 3 years, with an option to extend for a further 2 years to March 2021, this option was approved during 2018/19. The table below shows the fees for KPMG for 2020/21 and the prior year 2019/20.

The table below sets out the fee for the audit in accordance with the Audit Code issued by NHSI, March 2021.

Audit Services - Statutory Audit	2020/21 £(exc. VAT)	2019/20 £(exc. VAT)
Audit of the Trust's financial statements	**68,460**	**71,460**
Annual Accounts	**53,460**	**56,460**
Quality Accounts	**0**	**6,000**
	53,460	**62,460**
Value for money audit work	**15,000**	**0**
Work undertaken on new accounting standards (IFRS16) to date	**0**	**6,000**
Work undertaken on the Wholly Owned Subsidiary to date	**0**	**3,000**
Total	**68,460**	**71,460**

Audit fees shown within note 3.1 are shown gross

3.2 Auditor's remuneration (continued)

Non Audit fees	2020/21 £(exc. VAT)	2019/20 £(exc. VAT)
1. the auditing of accounts of any associate of the trust	**0**	0
2. audit-related assurance services	**0**	6,000
3. taxation compliance services	**0**	0
4. all taxation advisory service not falling within item 3 above	**0**	0
5. internal audit services	**0**	0
6. all assurance services not falling within items 1 to 5	**0**	0
7. corporate finance transaction services not falling within Items 1 to 6 above and	**0**	0
8. all other non-audit services not falling within items 2 to 7 above.	**0**	0
Total	**0**	6,000

KPMG is the external auditor of Frimley Health Charitable Funds, of which the Trust is the Corporate Trustee. The fees in respect of this engagement are £5k (excl VAT).

The engagement letter signed on 1st June 2019, states that the liability of KPMG, its members, partners and staff (whether in contract, negligence or otherwise) shall in no circumstances exceed £2m, aside from where the liability cannot be limited by law. This is in aggregate in respect of all services.

3.3 Operating leases

3.3.1 Arrangements containing an operating lease	2020/21 £000	2019/20 £000
Payments recognised as an expense	**505**	566
	505	566

3.3.2 Future minimum lease payments due

	2020/21	2019/20
Annual payments on leases:	**£000**	£000
Not later than one year	**345**	485
Later than one year and not later than five years	**409**	719
Later than five years	**0**	0
	754	1,204

4. Staff Costs

4.1 Staff costs	2020/21 Total	Permanently Employed and Bank	Other	2019/20 Total
	£000	**£000**	**£000**	£000
Salaries and wages	**400,874**	**400,874**	**0**	358,068
Social Security Costs	**40,578**	**40,578**	**0**	36,671
NHS Pension costs	**45,968**	**45,968**	**0**	42,224
Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%)	**19,973**	**19,973**	**0**	18,476
Apprenticeship levy	**1,934**	**1,934**	**0**	1,772
Agency/contract/MOD staff	**15,149**	**0**	**15,149**	18,003
Recoveries from other bodies	**(588)**	**(588)**	**0**	(961)
	523,888	**508,739**	**15,149**	474,253

Costs for MOD staff shown above were £1,427k (2019/20 - £1,453k), staff are employed on the Frimley site under contract from the MOD.

4.2 Staff exit packages

	2020/21 Compulsory redundancies	**2020/21 Cost of compulsory redundancies**	2019/20 Compulsory redundancies	2019/20 Cost of compulsory redundancies
	Number	**£000s**	Number	£000s
<£10,000	**1**	**6**	1	9
£10,001 - £25,000	**1**	**21**	0	0
£25,001 - £50,000	**0**	**0**	1	44
£50,001 - £100,000	**0**	**0**	1	75
£200,000>	**1**	**244**	2	456
Total Compulsory redundancies	**3**	**271**	5	584

	2020/21 Other departures agreed	**2020/21 Other departures agreed**	2019/20 Other departures agreed	2019/20 Other departures agreed
	Number	**£000s**		
<£10,000	**17**	**35**	13	26
Total other departures	**17**	**35**	13	26

4.3 Monthly average number of persons employed

	2020/21 Total	**Permanently Employed**	**Bank and Agency**	2019/20 Total
	Number	**Number**	**Number**	Number
Medical and dental	**1,300**	**1,180**	**120**	1,212
Administration and estates	**1,913**	**1,808**	**105**	1,846
Healthcare assistants and other support staff	**2,175**	**1,810**	**365**	2,086
Nursing, midwifery and health visiting staff	**3,046**	**2,706**	**340**	2,932
Scientific, therapeutic and technical staff	**1,411**	**1,285**	**126**	1,381
	9,845	**8,789**	**1,056**	9,457

4.4 Early retirements due to ill health

During 2020/21 there were 2 early retirements from the Trust agreed on the grounds of ill-health at a cost of £32k (2019/20 - 2 at a cost of £48k).

5. Finance Expenses - Financial Liabilities

	2020/21	2019/20
	£000	£000
Finance leases	**68**	84
Interest on loans from the Department of Capital Loan	**680**	731
Interest on late payment of commercial debt	**0**	1
	748	816

6. Better Payment Practice Code

6.1 Better payment practice code - measure of compliance

	2020/21		2019/20	
	Number	£000	Number	£000
NHS				
Total bills paid in the year	**3,711**	**30,365**	4,107	37,876
Total bills paid within target	**2,843**	**13,217**	2,822	19,999
Percentage of bills paid within target	**77%**	**44%**	69%	53%
Non-NHS				
Total bills paid in the year	**120,841**	**307,584**	148,302	252,512
Total bills paid within target	**115,492**	**267,426**	132,363	209,155
Percentage of bills paid within target	**96%**	**87%**	89%	83%
Total				
Total bills paid in the year	**124,552**	**337,949**	152,409	290,388
Total bills paid within target	**118,335**	**280,643**	135,185	229,154
Percentage of bills paid within target	**95%**	**83%**	89%	79%

Under the better payment practice code the Trust aims to pay all valid NHS and non-NHS invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later.

6.2 The Late Payment of Commercial Debts (Interest) Act 1998

An amount of £0k has been included within finance costs arising from claims made under this legislation (2019/20 - £1k).

7. Acquisition Funding

Since the acquisition of Heatherwood and Wexham Park Hospitals NHSFT (H&WPH) by Frimley Health NHSFT in October 2014, a five year integration plan has been in place agreed with the Department of Health (DH) and local commissioners. This details the funding that is provided to the Trust to support the costs of integration and transformation. The agreement with the DH includes income support to cover the pre-existing deficit that existed at the H&WPH sites, to allow the Trust to move to a stand alone surplus position over time.

The exact value of the income support due each year is based on the Trust's transformation progress, as judged by overall financial performance. For 2019/20 support was available as additional Public Dividend Capital only, this was received in full at a value of £11.7m. (2018/19 was the last year of income support, the DH released the full amount of £13.8m as set-out in the transaction agreement).

A proportion of the post-transaction transformation cost are chargeable to local commissioners and the Trust agreed a five year programme of funding with NHS England, NHS Slough CCG, NHS Bracknell and Ascot CCG, NHS Windsor, Ascot and Maidenhead CCG and NHS Chiltern CCG.

8. Intangible Assets

Intangible assets at the statement of financial position date comprise the following elements

	Total	Software
	£000	£000
Gross cost at 1 April 2020	**25,618**	25,618
Additions - purchased	**9,183**	9,183
Gross cost at 31 March 2021	**34,801**	**34,801**
Accumulated amortisation at 1 April 2020	**8,216**	8,216
Provided during the year	**1,102**	1,102
Accumulated amortisation at 31 March 2021	**9,318**	**9,318**
NBV - Purchased at 31 March 2020	**17,402**	17,402
NBV total at 31 March 2020	**17,402**	**17,402**
NBV - Purchased at 31 March 2021	**25,483**	**25,483**
NBV total at 31 March 2021	**25,483**	**25,483**

Intangible software assets have been assigned a life of between 2 to 10 years.

2019/20	Total	Software
	£000	£000
Gross cost at 1 April 2019	**16,014**	16,014
Additions - purchased	**9,604**	9,604
Gross cost at 31 March 2020	**25,618**	**25,618**
Accumulated amortisation at 1 April 2019	**7,776**	7,776
Provided during the year	**440**	440
Accumulated amortisation at 31 March 2020	**8,216**	**8,216**
NBV - Purchased at 31 March 2019	**8,238**	8,238
NBV total at 31 March 2019	**8,238**	**8,238**
NBV - Purchased at 31 March 2020	**17,402**	**17,402**
NBV total at 31 March 2020	**17,402**	**17,402**
NBV - Purchased at 31 March 2019	**8,238**	**8,238**
NBV total at 31 March 2019	**8,238**	**8,238**

Intangible software assets have been assigned a life of between 2 to 10 years.

9.1 Property, plant and equipment at the statement of financial position date comprise the following elements

	Total	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport Equipment	Information technology	Furniture and fittings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2020	518,038	40,580	266,591	900	47,304	106,456	135	44,972	11,100
Additions - purchased	80,163	0	11,817	0	43,409	8,179	0	15,467	1,291
Additions - leased	0	0	0	0	0	0	0	0	0
Additions - donated	103	0	0	0	0	103	0	0	0
Additions - equipment donated from DHSC for COVID response	1,249	0	0	0	0	1,249	0	0	0
Additions - assets purchased from cash donations/grants	31	0	31	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Impairments/surpluses charged to revaluation reserve	(4,328)	0	(4,253)	(75)	0	0	0	0	0
Impairments recognised in operating expenses	(3,785)	0	(3,785)	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Disposals/Derecognition	(619)	0	0	0	0	(619)	0	0	0
Cost or valuation at 31 March 2021	**590,852**	**40,580**	**270,401**	**825**	**90,713**	**115,368**	**135**	**60,439**	**12,391**
Accumulated Depreciation at 1 April 2020	109,288	0	0	0	0	77,197	124	23,161	8,806
Provided during the year	26,049	0	8,912	25	0	7,895	0	8,507	710
Accumulated depreciation written out upon revaluation	0	0	0	0	0	0	0	0	0
Disposals/Derecognition	(471)	0	0	0	0	(471)	0	0	0
Depreciation at 31 March 2021	**134,866**	**0**	**8,912**	**25**	**0**	**84,621**	**124**	**31,668**	**9,516**
Net book value									
Purchased at 1 April 2020	396,825	40,580	258,088	0	47,304	26,737	11	21,811	2,294
Finance Leases 1 April 2020	2,042	0	0	900	0	1,142	0	0	0
Donated at 1 April 2020	9,883	0	8,503	0	0	1,380	0	0	0
Total at 1 April 2020	**408,750**	**40,580**	**266,591**	**900**	**47,304**	**29,259**	**11**	**21,811**	**2,294**
Net book value									
- Purchased at 31 March 2021	444,922	40,580	253,293	0	90,713	28,679	11	28,771	2,875
- Finance Leases at 31 March 2021	1,732	0	0	800	0	932	0	0	0
- Donated at 31 March 2021	9,332	0	8,196	0	0	1,136	0	0	0
Total at 31 March 2021	**455,986**	**40,580**	**261,489**	**800**	**90,713**	**30,747**	**11**	**28,771**	**2,875**

Land and Buildings were revalued effective 31 March 2021 by the District Valuer, based on a desktop update valuation in accordance with the MEA Valuation method.

During the financial year revaluation of the following assets took place which resulted in the following impairments, which were charged to Statement of Comprehensive Income: Wexham Park; External Works £467k, MEA Clinical Block £2,698k, MEA Workshop Block £620k

9.2 Property, plant and equipment at the statement of financial position date comprise the following elements

	Total	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport Equipment	Information technology	Furniture and fittings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2019	547,686	40,410	335,033	945	20,115	100,740	135	39,337	10,971
Additions - purchased	80,163	0	11,817	0	43,409	8,179	0	15,467	1,291
Additions - leased	0	0	0	0	0	0	0	0	0
Additions - donated	103	0	0	0	0	103	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Accumulated depreciation written out upon revaluation	(57,079)	0	(56,932)	(147)	0	0	0	0	0
Impairments/surpluses charged to revaluation reserve	0	0	0	0	0	0	0	0	0
Impairments recognised in operating expenses	31	0	31	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Disposals/Derecognition	0	0	0	0	0	0	0	0	0
Cost or valuation at 31 March 2020	**570,904**	**40,410**	**289,949**	**798**	**63,524**	**109,022**	**135**	**54,804**	**12,262**
Accumulated Depreciation at 1 April 2019	147,924	0	47,310	125	0	71,905	124	19,977	8,483
Provided during the year	0	0	0	0	0	0	0	0	0
Accumulated depreciation written out upon revaluation	(57,079)	0	(56,932)	(147)	0	0	0	0	0
Disposals/Derecognition	0	0	0	0	0	0	0	0	0
Depreciation at 31 March 2020	**90,845**	**0**	**(9,622)**	**(22)**	**0**	**71,905**	**124**	**19,977**	**8,483**
Net book value									
- Purchased at 31 March 2019	386,798	40,410	278,388	0	20,115	26,026	11	19,360	2,488
- Finance Leases at 31 March 2019	2,173	0	0	820	0	1,353	0	0	0
- Donated at 31 March 2019	10,791	0	9,335	0	0	1,456	0	0	0
Total at 1 April 2019	**399,762**	**40,410**	**287,723**	**820**	**20,115**	**28,835**	**11**	**19,360**	**2,488**
Net book value									
- Purchased at 31 March 2020	396,825	40,580	258,088	0	47,304	26,737	11	21,811	2,294
- Finance Leases at 31 March 2020	2,042	0	0	900	0	1,142	0	0	0
- Donated at 31 March 2020	9,883	0	8,503	0	0	1,380	0	0	0
Total at 31 March 2020	**408,750**	**40,580**	**266,591**	**900**	**47,304**	**29,259**	**11**	**21,811**	**2,294**

Land and Buildings were revalued effective 31 March 2020 by the District Valuer, based on a full site valuation in accordance with the MEA Valuation method.

During the financial year revaluation of the following assets took place which resulted in the following impairments, which were charged to Statement of Comprehensive Income: Wexham Park; External Works £1,547k, MEA Clinical Block £2,899k, MEA Workshop Block £4,368k

9.3 Assets held at open market value

Of the totals at 31 March 2021 and 31 March 2020 all assets were valued in line with valuation methods set out in Note 1.6.

9.3.1 Net book value of assets held under finance leases at the statement of financial position date

	Total	Dwellings	Plant and Machinery
	£000	**£000**	**£000**
NBV as at 31 March 2021	**1,732**	**800**	**932**
	£000	£000	£000
NBV as at 31 March 2020	2,042	900	1,142

9.3.2 The total amount of depreciation charged to the statement of comprehensive income in respect of assets held under finance leases and hire purchase contracts

	Total	Dwellings	Plant and Machinery
	£000	**£000**	**£000**
Depreciation as at 31 March 2021	**235**	**25**	**210**
	£000	£000	£000
Depreciation as at 31 March 2020	232	22	210

10. Inventories

	31 March 2021	31 March 2020
	£000	£000
Drugs consumables	**3,944**	4,407
Clinical consumables	**6,001**	6,937
	9,945	11,344

Clinical consumables are valued by both physical stock count and also estimation. All values are based on stock as at March 2021; estimated stock values have been used where there is currently no inventory management system to verify the actual stock.

11. Trade and Other Receivables

Note 11.1 Amounts falling due within one year:

	31 March 2021	31 March 2020
	£000	£000
Contract receivables (IFRS 15): invoiced	**23,635**	60,322
Contract receivables (IFRS 15): not yet invoiced / non-invoiced	**3,700**	1,805
Provision for impaired receivables	**(4,727)**	(1,212)
Prepayments	**17,389**	10,563
NHS injury scheme income	**4,934**	5,180
NHS injury scheme provision	**(1,680)**	(1,742)
PDC dividend receivable	**1,971**	1,467
Clinician pension tax provision reimbursement funding from NHSE	**145**	0
	45,367	76,383

Due to the financial regime being based on fixed payments for 2020/21, there were no partially completed spells included within NHS receivables (2019/20 £3.1m).

Other receivables includes amounts for private patient billing. Whilst credit control procedures are in place a bad debt provision is made in respect of any potential doubtful debts, the provision is a specific bad debt provision based on assessment of individual debts.

11.2 Provision for impairment of receivables	31 March 2021 £000	31 March 2020 £000
At 1 April	1,212	923
Increase in Provision	4,433	1,789
Changes in the calculation of existing allowances	(296)	(286)
Amounts utilised	(622)	(1,214)
Unused amounts reversed	0	0
At 31 March	**4,727**	1,212

11.3 Increase/(decrease) in bad debt provision (charged to Operating Expenses)

	31 March 2021 £000	31 March 2020 £000
Increase in provision	4,433	1,789
Unused amounts reversed	(296)	(286)
Charged to Operating Expenses	**4,137**	**1,503**

11.4 Ageing of impaired receivables	31 March 2021 £000	31 March 2020 £000
Up to three months	174	19
In three to six months	491	205
Over six months	1,195	1,416
Total	**1,860**	**1,640**

11.5 Ageing of non-impaired receivables past their due date	31 March 2021 £000	31 March 2020 £000
Up to three months	8,657	24,394
In three to six months	1,998	4,321
Over six months	1,955	10,266
Total	**12,610**	**38,981**

The Trust does not consider the above receivables past their due date to be impaired based on previous experience. The total reported above does not reconcile to note 12.1 as the total receivables balance includes receivables that are not classed as financial assets (see note 19.1.2) and receivables not past their due date as at 31 March 2021.

12. Trade and other payables

12.1 Trade and other payables at the statement of financial position date are made up of:

	31 March 2021 £000	31 March 2020 £000
Current liabilities		
Capital payables (including capital accruals)	9,981	5,830
Accruals (revenue costs only)	53,092	29,465
Other payables	27,939	29,134
Trade and other payables	**91,012**	64,429
Tax payable (including social security costs)	10,874	9,591
Total trade and other payables	**101,886**	74,020

12.2 Current borrowings

Obligations under finance leases and hire purchase contracts	210	210
Other loans	1,098	1,036
Loans from the Department of Health and Social Care	7,078	7,105
Total current borrowings	**8,386**	8,351

12.3 Non-current borrowings

Obligations under finance leases and hire purchase contracts	719	929
Other loans	1,906	2,977
Loans from the Department of Health and Social Care	41,900	48,740
Total non-current borrowings	**44,525**	52,646

12.4 Other liabilities - deferred income	22,852	24,967
Total other liabilities	**22,852**	24,967

Due to the financial regime being based on fixed payments for 2020/21, there was no maternity pathway income included within deferred income. (31 March 2020 £4.4m)

12.5 Finance lease obligations

2020/21	**Total**	Plant and Machinery
Payable:	**£000**	£000
Within one year	**266**	266
Between one and five years	**814**	814
After five years	**0**	0
	1,080	1,080
Less finance charges allocated to future periods	**(151)**	(151)
	929	929
not later than one year	**210**	210
later than one year and not later than five years	**719**	719
later than five years	**0**	0

2019/20	**Total**	Plant and Machinery
Payable:	**£000**	£000
Within one year	**278**	278
Between one and five years	**987**	987
After five years	**92**	92
	1,357	1,357
Less finance charges allocated to future periods	**(218)**	(218)
	1,139	1,139
not later than one year	**210**	210
later than one year and not later than five years	**841**	841
later than five years	**88**	88

12.6 Future finance lease obligations

	Plant and Machinery 2020/21
Minimum number of payments	53
Number of years of commitment	5

	Plant and Machinery 2019/20
Minimum number of payments	65
Number of years of commitment	6

Plant and Machinery finance lease obligations consist of a managed service for PACS/RIS which comprises equipment and service elements this was taken out during 2015/16.

13. Provisions for Liabilities and Charges

	Total	Pensions - other staff	Other legal claims	Other
	£000	£000	£000	£000
At 1 April 2020	**689**	273	100	316
Arising during the year	**824**	282	17	525
Utilised during the year	**(205)**	(124)	0	(81)
Reversed unused	**0**	0	0	0
At 31 March 2021	**1,308**	**431**	**117**	**760**
Expected timing of cash flows:				
Within one year	**327**	88	60	179
Between one and five years	**869**	343	57	469
later than five years	**112**	0	0	112
	1,308	**431**	**117**	**760**

13.1 Provisions for Liabilities and Charges 2019/20

	Total	Pensions - other staff	Other legal claims	Other
	£000	£000	£000	£000
At 1 April 2019	**588**	335	100	153
Arising during the year	**295**	25	27	243
Utilised during the year	**(173)**	(87)	(6)	(80)
Reversed unused	**0**	0	0	0
At 31 March 2020	**710**	**273**	**100**	**153**
Expected timing of cash flows:				
Within one year	**434**	88	30	316
Between one and five years	**255**	185	70	0
After five years	**0**	0	0	0
	689	**273**	**100**	**316**

Pensions provisions have been calculated using figures provided by the NHS Pensions Agency, they assume certain life expectancies. Whilst this provides a degree of uncertainty in respect of both timing and total amounts, these estimates are based upon best available actuarial information.

The Trust provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation.

Other provisions consist of the following which are also of uncertain timing and amount.

	£000
Injury benefit scheme	**517**
Clinicians pension reimbursement	**145**
Additional pension provisions	**98**
Total other provisions	**760**

14. Clinical negligence liabilities

	2020/21	2019/20
	£000	£000
Amount included in provisions of NHS Resolution in respect of Clinical Negligence liabilities of the Trust.	**485,445**	426,888

15. Cash and Cash Equivalents

	31 March 2021	31 March 2020
	£000	£000
At 1 April	**191,525**	**133,256**
Net change in year		**58,269**
At 31 March	**191,525**	**191,525**
Broken down into:		
Cash at commercial banks and in hand	**20**	**52**
Cash with the Government Banking Service	**195,738**	**191,473**
Cash and cash equivalents in Statement of Cash Flows	**195,758**	**191,525**

16. Contractual Capital Commitments

Commitments under capital expenditure contracts at the statement of financial position date were £56,629k (2019/20 - £43,125k) these are in respect of the building work being undertaken for major capital projects including the elective, diagnostic and outpatient centre at the Heatherwood Hospital site in Ascot and the Electronic Patient Record system project.

17. Post Statement of Financial Position Events

There are no material post statement of financial position events.

18. Related Party Transactions 2020/21

The Trust had significant transactions, defined as an income/expenditure balance of over £1,500k or a receivables/ payables balance of over £750k, with the following related bodies:

	2020/21 Income £000	2020/21 Expenditure £000	31/3/2021 Receivables £000	31/3/2021 Payables £000
NHS East Berkshire CCG	247,635	0	847	264
NHS North East Hampshire and Farnham CCG	159,344	66	130	3,701
South East Regional Office	96,064	0	586	0
NHS England - Core	66,457	0	7,611	579
NHS Buckinghamshire CCG	64,258	0	112	0
NHS Surrey Heath CCG	63,452	0	0	0
Health Education England	19,187	0	523	0
NHS Surrey Heartlands CCG	17,781	0	277	0
South West Regional Office	10,732	0	10	0
NHS Berkshire West CCG	9,946	0	83	0
NHS North Hampshire CCG	8,990	0	0	0
NHS England - Central Commissioning Hub	7,839	0	466	0
Department of Health and Social Care	3,363	0	57	0
NHS South Eastern Hampshire CCG	3,051	0	0	0
Royal Surrey NHS Foundation Trust	2,840	7,976	1,608	3,518
NHS Hillingdon CCG	2,522	0	0	0
Royal Berkshire NHS Foundation Trust	342	1,648	3,479	466
Ashford and St Peter's Hospitals NHS Foundation Trust	323	9	1,069	13
NHS Resolution	136	26,314	0	3
NHS Property Services	0	4,414	0	601
NHS Pension Scheme	0	65,941	0	0
HM Revenue & Customs - Other taxes and duties and NI contributions	0	42,512	0	10,874

The Trust received a loan from the Department of Health and Social Care for £59,000 during 2019/20.

The Trust who is the Corporate Trustee of the Frimley Health Charity holds charitable funds for which transactions between parties are not deemed material. Included within operating income in respect of non cash donations credited to income are £103k relating to PPE additions. (2019/20 £263k).

Board members have only received short term employee benefits from the Trust, no post employment benefits, other long term benefits, share based payments or termination benefits have been paid to the Directors.

Salix has become a subsidiary of BEIS during 2020/21.

18.1 Related Party Transactions

The Trust had significant transactions, defined as an income/expenditure balance of over £1,500k or a receivables/ payables balance of over £750k, with the following related bodies:

	2019/20 Income £000	2019/20 Expenditure £000	31/3/2020 Receivables £000	31/3/2020 Payables £000
Ashford and St Peter's Hospitals NHS Foundation Trust	476	13	2217	22
Health Education England	17124	0	665	0
HM Revenue & Customs	0	38443	0	9591
NHS Berkshire West CCG	9089	0	0	479
NHS Buckinghamshire CCG	63905	0	1815	349
NHS East Berkshire CCG	244986	268	9165	2416
NHS England - Core (including 19/20 PSF, FRF and MRET)	25527	10	7256	56
NHS England - Wessex Specialised Commissioning Hub	60805	0	13234	0
NHS Guildford and Waverley CCG	8177	0	389	4
NHS Hillingdon CCG	2413	0	0	40
NHS North East Hampshire and Farnham CCG	144924	45	2752	1175
NHS North Hampshire CCG	8756	0	594	88
NHS North West Surrey CCG	9368	0	534	111
NHS Pension Scheme	0	60700	0	0
NHS Property Services	0	3625	0	5311
NHS Resolution (formerly NHS Litigation Authority)	0	22317	0	0
NHS South Eastern Hampshire CCG	3176	0	204	18
NHS Surrey Heath CCG	60546	0	389	425
Royal Berkshire NHS Foundation Trust	10114	1520	2175	544
Royal Surrey County Hospital NHS Foundation Trust	3371	6941	1900	2257
South East Regional Office	24797	0	9348	0
South West Regional Office	8449	0	225	0
Southern Health NHS Foundation Trust	21	1077	12	802

The Trust received a loan from the Department of Health and Social Care for £59,000 during 2019/20.

The Trust who is the Corporate Trustee of the Frimley Health Charity holds charitable funds for which transactions between parties are not deemed material. Included within operating income in respect of non cash donations credited to income are £263k relating to PPE additions. (2018/19 £156k).

Board members have only received short term employee benefits from the Trust, no post employment benefits, other long term benefits, share based payments or termination benefits have been paid to the Directors.

19. Financial Instruments

International Accounting Standards IAS 32, IAS 39 and IFRS 7, require disclosure of the role that financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with local NHS Commissioners and the way those NHS Commissioners 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 the listed companies to which these standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated through day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

Financial Risk Management

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 Treasury Management Policy agreed by the Board of Directors. Trust treasury activity is routinely reported and is subject to review by the Trust's internal auditors.

Currency Risk

The Trust is principally a domestic organisation with the majority of transactions, assets and liabilities being in the UK and sterling based. As such, the Trust does not normally undertake transactions in currencies other than sterling and is therefore not exposed to movements in exchange rates over time. All currency payments are translated into sterling at the exchange rate ruling on the date of the transaction. The total value of payments made in Euro denomination was 74,024 as at 31 March 2021 (2019/20 90,373).

The Trust's main exposure to interest rate fluctuations arises where it utilises external borrowings. The Trust has no external borrowing apart from several finance leases as per note 12.5 and accordingly has not been required to manage exposure to interest rate fluctuations.

Credit Risk

Due to the fact that the majority of the Trust's income comes from legally binding contracts with NHS bodies and Government departments the Trust does not believe that it is exposed to significant credit risk in relation to cash.

The Trust's deposits are routinely monitored in accordance with guidance issued by Monitor and are overseen by the Audit Committee, the Trust typically invests in A-1 institutions for short term investments.

Liquidity Risk

The Trust's net operating costs are incurred under legally binding contracts with local CCGs, which are financed from resources voted annually by Parliament. The Trust has the potential to fund its capital expenditure from funds obtained within the Prudential Borrowing Limit. The Trust is not, therefore, exposed to significant liquidity risks.

19.1 Financial Instruments

19.1.1 Financial Assets

	Carrying Value £000
Financial assets	
Denominated in £ sterling	221,135
Gross financial assets at 31 March 2021	221,135
Denominated in £ sterling	255,766
Gross financial assets at 31 March 2020	255,766

19.1.2 Financial liabilities

	Carrying Value £000
Denominated in £ sterling	143,923
Gross financial liabilities at 31 March 2021	143,923
Denominated in £ sterling	123,829
Gross financial liabilities at 31 March 2020	123,829

The above financial assets have been included in the accounts at amortised cost as "loans and receivables", with no financial assets being classified as "assets at fair value through the profit and loss", "assets held to maturity" nor "assets held for resale".

Prepayments of £17,389k (2019/20 - £10,563k) are not considered to be financial instruments.

Other tax and social security payables amounts of £10,874k (2019/20 - £9,591k) and deferred income of £22,852k (2019/20 - £24,967k) are not considered to be financial instruments under IFRS and therefore have been excluded from the above analysis.

All financial liabilities are classified as "other financial liabilities", with no financial liabilities being classified as "liabilities at fair value through the I&E".

19.2 Financial Assets by Category

	Total	Loans and receivables
Assets as per statement of financial position	**£000**	**£000**
Receivables (excluding non financial assets) - with DHSC group bodies	20,049	20,049
Receivables (excluding non financial assets) - with other bodies	5,328	5,328
Cash and cash equivalents	195,758	195,758
Total at 31 March 2021	**221,135**	**221,135**

Assets as per statement of financial position	**£000**	**£000**
Receivables (excluding non financial assets) - with DHSC group bodies	59,708	59,708
Receivables (excluding non financial assets) - with other bodies	4,533	4,533
Cash and cash equivalents	191,525	191,525
Total at 31 March 2020	**255,766**	**255,766**

19.3 Financial liabilities by category

	Total	Other financial liabilities
Liabilities as per statement of financial position	**£000**	**£000**
Trade and other payables (excluding non financial liabilities) with DHSC group bodies	11,945	11,945
Trade and other payables (excluding non financial liabilities) with other bodies	79,067	79,067
Finance lease obligations	929	929
Other loans - salix	3,004	3,004
Loans with the Department of Health and Social Care	48,978	48,978
Total at 31 March 2021	**143,923**	**143,923**

	Total £000	Other financial liabilities £000
Trade and other payables (excluding non financial liabilities) with DHSC group bodies	17,949	17,949
Trade and other payables (excluding non financial liabilities) with other bodies	44,883	44,883
Finance lease obligations	1,139	1,139
Other loans - salix	4,013	4,013
Loans with the Department of Health and Social Care	55,845	55,845
Total at 31 March 2020	**123,829**	**123,829**

19.4 Fair values	31 March 2021 Book Value £000	31 March 2021 Fair Value £000
Financial assets	221,135	221,135
Financial assets	**221,135**	**221,135**
Financial liabilities		
Payables over 1 year - Finance Lease obligations	719	719
Payables over 1 year - Loans	1,906	1,906
Loans with the Department of Health and Social Care over 1 year	48,978	48,978
Other	92,320	92,320
Financial liabilities	**143,923**	**143,923**

	31 March 2020 Book Value £000	31 March 2020 Fair Value £000
Financial assets	255,766	255,766
Financial assets	**255,766**	**255,766**
Financial liabilities		
Payables over 1 year - Finance Lease obligations	929	929
Payables over 1 year - Loans	2,977	2,977
Loans with the Department of Health and Social Care over 1 year	55,845	55,845
Other	64,078	64,078
Financial liabilities	**123,829**	**123,829**

As at 31 March 2021 there are no significant differences between fair value and carrying value of any of the Trust's financial instruments.

For financial assets and financial liabilities carried at fair value, the carrying amounts are classified as the carrying value net of the Trusts best estimates of bad and doubtful debts.

Discounted cash flows have not been performed on non-current liabilities due to the fact that the major lease is in Euros and the result would not be material.

19.5 Maturity of financial assets

All of the Trust's financial assets mature in less than one year.

19.6 Maturity of financial liabilities	31 March 2021 £000	Restated 31 March 2020 £000	31 March 2020 £000
Less than one year	**100,822**	72,322	71,183
In more than one year but not more than five years	**23,240**	23,413	24,104
In more than five years	**21,618**	28,577	28,542
Total	**145,680**	**124,312**	**123,829**

This table replaces the previous maturity analysis for financial liabilities. Previously this analysis has been performed on book values. However IFRS 7 (para B11D) requires this analysis to be based on undiscounted future contractual cash flow (ie gross liabilities including finance charges).

19.7 Derivative financial instruments

In accordance with IAS39, the Trust has reviewed its contracts for embedded derivatives that are required to be separately accounted for if they do not meet the requirements set out in the standard.

20. Third Party Assets

The Trust held £0.00 cash and cash equivalents at 31 March 2021 (31 March 2020 - £0.00) which relates to monies held by the Trust on behalf of patients. This has been excluded from the cash and cash equivalents figure reported in the accounts.

21. Losses and Special Payments

There were 460 cases of losses and special payments (2019/20 - 568 cases) totalling £734,000 (2019/20 - £929,000) approved during 2020/21. Losses and special payments are charged to the relevant functional heading in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the entity, not been bearing its own risks, with insurance premiums then being included as normal revenue expenditure.

There were no clinical negligence cases where the net payment exceeded £300,000 (2019/20 - nil). These would relate to payments made by the Trust and would not relate to any payments made by NHS Resolution in respect of the Trust.

There were no fraud cases where the net payment exceeded £300,000 (2019/20 - nil).

There were no personal injury cases where the net payment exceeded £300,000 (2019/20 - nil).

There were no compensation under legal obligation cases where the net payment exceeded £300,000 (2019/20 - nil).

There were no fruitless payment cases where the net payment exceeded £300,000 (2019/20 - nil).

There were no Claims waived or abandoned where the net payment exceeded £300,000 (2019/20 - nil).

There were no stores losses and damage to property where the next payment exceeded £300,000 (2019/20 - nil).

The total costs in this note continue to be disclosed on a cash basis, under IFRS this should be on an accruals basis, however it is acknowledged that the amounts are immaterial and therefore continue to be on a cash basis.