Committed to excellence | Working together | Facing the future

NHS
Frimley Health
NHS Foundation Trust







ANNUAL REPORT & ACCOUNTS
2021/22

Frimley Health NHS Foundation Trust

Annual Report and Accounts 2021-2022

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

Contents

Statement from the Chairman

I am delighted to present our Annual Report for Frimley Health NHS Foundation Trust for the year ending 31 March 2022.

2021/22 has been another very challenging and demanding year for the Trust as the ongoing COVID-19 pandemic has continued to have a profound impact on all our services. I have always believed that our people are and always will be our greatest asset. So, 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 during the year.

The compassion, the commitment, the professionalism, and the focus on always doing what's best for patients never ceases to amaze me. I am truly humbled by all that they have done during the second year of the pandemic

I am very conscious that we have kept some of our patients waiting longer than we would like for their care. Unfortunately, the pandemic has meant we have had to put in place strict infection prevention and control measures, and this together with higher staff absence levels due to COVID, has limited the number of patients we can see. We made good progress during the summer of 2021 to address some of the backlog, but this was put under pressure through the emergence of the Omicron variant in December. During the period January to March 2022, the number of COVID inpatients rose again and this together with unprecedented demand in our emergency departments, meant we had to scale back on our elective plans.

Whilst we have the biggest waiting list in our history, throughout the year our clinical teams have made sure priority patients have been seen as soon as possible. This has been particularly true for patients with suspected cancer. We have also worked with our system partners to help and support those waiting to take steps to improve their health whilst they are waiting.

Despite the pandemic, we have continued to make good progress on two of our biggest strategic programmes – the building of the new Heatherwood Hospital and the work on our new Electronic Patient Record (EPR) system. This allowed us to open the new Heatherwood Hospital on 28th March. The work to implement EPR is going well and we are on schedule to go live on 11th June 2022.

There were several changes to the Board during the year. We welcomed Matthew Joint as our Director of People and Caroline Hutton was confirmed as the substantive Director of Transformation, Innovation and Digital Services. We said farewell to Rob Pike after 11 years on the Board as a Non-Executive Director. I would like to thank Rob for his enormous contribution to our Trust.

We have also had several changes to the Council of Governors following the elections in October 2021. We said thank you and farewell to Mary Probert who had served as a governor for almost 9 years, Donna Brown, Brian Hambleton and Jill Walker. Also Edward Hawkins our Surrey County Council stakeholder governor stepped down from the Council 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 Steve Forster, Charles Fowles, Kellie Meyer-Bothling and Peter Woodford as public governors to our Council of Governors.

As we look forward, I am hoping that the pandemic will become endemic and we will learn to live and work with it, which will allow us to get back to normality. This together with the new Heatherwood Hospital, the new EPR system, and some of the positive gains from our strategy will enable us to address both the waiting list and meet the ongoing care needs of our patients. We have huge challenges in front of us and our values will really help us to meet these challenges head on. I have no doubts that with the help and support of our colleagues, our partners in the system, all our members and governors, we will continue to work together to deliver excellence to all our residents.

Pradip Patel
Chairman
21 June 2022

PERFORMANCE REPORT

a) Performance overview

Statement from the Chief Executive

I have been incredibly proud to work alongside my Frimley Health colleagues who, despite facing a year of sustained and relentless operational pressure, continued to provide the best care possible and delivered on major strategic projects that will put us in the best position to continue delivering great care for the future.

Our year was framed by how we aimed to meet the challenges facing the NHS while continuing with our major strategic programmes and transformation projects to create the improvements that will secure great care for our patients in the longer term. As ever, our Trust values – Committed to Excellence, Working Together and Facing the Future – have provided the motivation that has underpinned everything we do.

Demand throughout 2021-22 has been unprecedented, for example emergency department attendances were up 7.4% on 2019-20 to more than a quarter of a million for the first time and we often saw more than 800 patients and over 200 ambulances attending daily. The number of people on our waiting lists was up 57% to more than 56,000 due to the impact of the pandemic and tackling this backlog for planned care will be a priority throughout 2022-23. The demand for services has been increasingly challenging throughout the NHS due to the significant numbers of patients presenting with COVID infection and the challenge of vacancies and high staff absence rates through sickness or isolation during each wave of COVID.

We know that this means we have not always been able to provide the level of access and care for our patients that we would want for them. This is reflected in the Trust's performance outlined in this report. However, despite the challenges, our teams continued to support each other and this report also highlights some of the developments and improvements we have made this year to focus on the quality of care for our patients. Our Frimley Excellence programme continued to drive further improvements, for example reducing falls and serious incidents as well as training and supporting hundreds of staff in improvement skills and projects. We also balanced our finances throughout the pandemic so that we could invest for the future, for example with additional robotic surgery to help tackle the waiting list backlog, an upgraded intensive care unit and additional endoscopy and MRI scanning capacity.

In the second year of our five-year strategy, we also delivered on key strategic programmes that will be the building blocks for future improvements. By the end of March 2022, we were able to open our fantastic new £99m elective care hospital at Heatherwood in Ascot, we were on the brink of delivering our new electronic patient record system (in June 2022), which will be the biggest transformational change we are ever likely to make, and we had delivered many other changes to benefit our patients.

We have continued to work ever more collaboratively with partners in the Frimley Integrated Care System, which was the only ICS in the country to be rated as consistently high performing. We have further developed community services this year with a new community night nurse service, virtual wards through Hospital @ Home for frail and vulnerable patients and provision of more community beds. The Heathlands integrated care facility in Bracknell, which opened at the end of March, provides 20 rehabilitation beds alongside a residential care facility for patients with dementia.

When I visit our teams, I am always struck by how our people are focused on what our patients need, treat every patient as an individual and are always committed to provide the best care and compassion even under the most difficult circumstances. We have never asked more from our incredible staff than over the past two years and the demands from the pandemic and its aftermath have been relentless. We have focused on supporting them as much as we can with wellbeing and practical support, recruited more than 2,200 doctors, nurses and clinical support staff and we are now developing further plans to improve recruitment and retention in coming years. Celebrating our successes has also been really important for our people, so I was delighted that we were short-listed in no fewer than three categories at the prestigious annual HSJ awards - Acute or Specialist Trust of the Year, the Environmental Sustainability Award and the Military and Civilian Health Partnership Award.

I can never thank our amazing staff enough for everything that they have done and continue to do to support our patients and they should be extremely proud of what they have achieved over the past year. I am also very grateful for the amazing support of our Board and Trust governors, volunteers, Trust members, health and care partners, our military partner colleagues and everyone who has supported us over the year.

Whilst the NHS is now facing some of the greatest challenges it has seen for decades, we at Frimley Health are determined to improve the standards of care we provide and return our access times and performance levels to those we aspire to. This will not be easy and will take time, but with the programmes of transformation we have delivered to provide better facilities, improved ways of working with partners and advance our digital capability, alongside the support of our partners and the work of our outstanding teams, we can be confident of meeting our ambitions for Our Future FHFT.

Neil Dardis
Chief Executive
21 June 2022

About Frimley Health

The following section provides an overview of our organisation, its purpose, core strategy and our key risks to achieving our objectives.

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 10,394 employees, 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 12 operational directorates in the following areas:

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

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

The Trust's strategic ambitions

The year 2021-22 was the second year of our ambitious five-year strategy Our Future FHFT 2020-2025 which will deliver our vision: *To be a leader in health and wellbeing, delivering exceptional services for our local communities*. Our strategy was launched in April 2020 following a lengthy period of engagement with staff, stakeholders, health and care partners and our communities. Our vision is underpinned by our Trust values:

- Committed to excellence
- Working together
- Facing the future

Our values are supported by six strategic ambitions:

Our Future FHFT describes how we will create an exciting future where Frimley Health builds on previous successes to continue as one of the best performing trusts in the country. It sets out how we will work together with our partners in health and social care to meet wider challenges of the NHS nationally and locally: tackling inequalities that impact on health outcomes and demand for services as well as the impact of an ageing population. Our strategy demonstrates a desire to continuously improve the quality of care for our patients by making our money work better so we can invest in and make the best use of medical and technological advances. This will only be possible by supporting our teams and so recruitment and retention are key areas of focus. When our strategy was developed in 2019, we could not have known the additional demands that the biggest pandemic in a century would bring. But although we are still facing significant challenges from COVID-19, the underlying challenges that existed before the pandemic remain, in fact if anything the events of the past two years have brought them more to the fore.

So we have been really clear that it is imperative we maintain momentum with the changes and transformations needed to deliver our strategy in order to continue serving our community in the longer term. Departments and directorates are all clear on how they will contribute to delivery of the strategy year by year and it is a measure of our incredible teams that we continue to meet key milestones in Our Future FHFT in the face of unprecedented and relentless operational demands.

One key piece of work that been brought forward since the 2020 launch of our strategy is our plans to redevelop the Frimley Park Hospital site. This is in response to a directive last year from NHS England/Improvement that all structures built using reinforced autoclaved aerated concrete (RAAC) much be removed from the NHS estate by 2035. This applies to the original 1974 Frimley Park Hospital structure, along with several other hospitals cross the UK. As a result, we have put forward an 'Expression of Interest' submission to the Department of Health and Social Care New Hospitals Programme to fund the building of a new hospital within 10 years. We are also developing plans for a phased development across the site over the next decade as an alternative option. We will plan a programme of consultation and engagement with staff, patients, stakeholders and the public as we progress our proposals.

Further progress made in our key transformation programmes in 2021-22 is set out in the performance analysis section on page 15.

Key risks to delivering our strategic objectives

The risks that threaten achievement of our strategic objectives are identified within the Board Assurance Framework, which is reviewed regularly by the Board of Directors. The Trust's risk management processes are designed to assess the impact of all operational and strategic risks, and to ensure that they are appropriately mitigated and managed.

The principal risks that we faced in 2021-22 are described in the performance analysis section that follows and are set out in our Annual Governance Statement on page 88.

Going concern disclosure

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

b) Performance analysis

Performance against our key transformational programmes

Heatherwood Hospital

Our new state of the art hospital at Heatherwood in Ascot finally opened to patients three years after construction work started. It was a really special moment when first patient Carole Gray cut the ribbon to declare the £99m hospital open on 28 March 2022. The new hospital is a world-class centre for non-emergency care and replaces the 100 year old original hospital facility in Ascot with a hospital fit for the 21st century.

The hospital includes six state-of-the-art laminar flow theatres and provides services for Orthopaedics and Plastics, Ophthalmology, Orthodontics and Lithotripsy. Outpatient services include Cardiology, Gynaecology, General Medicine and Urology, supported by Endoscopy, Physiotherapy, Phlebotomy and a full range of Radiology services including CT, MRI, ultrasound, mammography and x-ray. Other facilities include 48 inpatient beds (28 of which are single, en suite), 22 day-case pods, 26 procedure and treatment rooms for outpatients, six dedicated rooms for eye procedures and two endoscopy suites.

The 11,500 square metre hospital supports planned care, separate from our urgent and emergency care sites at Frimley and Wexham, with every element designed to provide easy and efficient care for patients. By using a combination of the latest digital technology and flexible outpatient spaces, co-ordinating appointments for consultations, diagnostics and surgical procedures, and remodelling some of the services it is allowing us to maximise its potential to deliver great diagnostics and planned care. This increases the number of operations and procedures at a time when it is needed most in the NHS following the pandemic, while at the same time reducing the number of visits patients need to make to the hospital by providing one-stop services. As a result, we expect to increase the numbers of procedures we carry out at Heatherwood in 2022-23 by around 4,000.

The new hospital is designed to make the most of the stunning woodland setting and is built with sustainability in mind. It has a BREEAM (Building Research Establishment's Environmental Assessment Method) rating of 'very good' – a large section of the roof is covered with solar panels and a sustainable drainage system was installed under the car park. The surrounding woodland has been opened up to the public and is being managed to encourage biodiversity. These sustainability benefits support our Trust Green Plan, which we also launched in 2021 as part of our contribution towards the NHS commitment to be carbon neutral by 2040.

Mobilisation of Epic electronic patient record (EPR)

We have stayed on track to launch our new electronic patient record system that promises to be the biggest single transformational change we have ever embarked upon. Our EPR will significantly improve care and safety while releasing clinicians' time to focus on their patients and help us deliver outstanding care consistently. It will give patients access to their own health records and let them book and amend appointments; allow patients' notes to be updated directly throughout their stay, making care effective and discharge a much easier process; and allow clinical and support staff to access patient information and job lists from handheld devices. These are just some of the amazing advantages our EPR will bring.

The Epic EPR system, which was chosen by our clinical teams as the best option to deliver the improvements we want for patients and staff, will replace more than 200 different IT systems across the Trust and will enable integration with partners across the health and care system. Throughout the year we have been working closely with other trusts at different stages of the Epic EPR journey so that we can learn from one another. By the end of the year we had begun training around 10,000 staff to use the new system ready for go-live on 11 June 2022.

Our EPR will be the biggest single investment that the Trust has even made, and something that will revolutionise the way we work and what we can offer our patients in terms of quality, safety, experience and efficiency. So, it was a really tough decision that I and the leadership team had to make in early 2022 to push back the go-live date several weeks from our original late March target. However, this was the right decision due to a surge in COVID-19 infection rates caused by the Omicron variant. It was clear that our focus had to be entirely on the safety of our patients, and it would not be possible to safely release staff for essential training. So the difficult decision was made in the interest of the safety and wellbeing of our patients and staff. Since then, training and delivery plans have gone well and we are now on track for a June go-live.

Frimley Excellence

Our Frimley Excellence programme of continuous quality improvement continues to support the delivery of our Trust strategy, in particular in relation to improving quality for our patients and supporting transformation of our services. Frimley Excellence is aimed at establishing a culture across the Trust where our teams are empowered and encouraged to make improvements that support the delivery of Our Future FHFT strategy ambitions through continuous improvement. It does this by developing and teaching tools and techniques that enable teams to apply team-focused improvement projects. It delivers training, support, coaching and mentoring to help embed these techniques in everyday work for effective and lasting improvement.

Among the specific programmes that Frimley Excellence has supported closely during 2021-22 were to strengthen the impact of patient safety improvement work, particularly to reduce patients falls in our wards and the number of serious incidents relating to deterioration of the condition of adult patients while in hospital. The pandemic, combined with operational and staffing pressures, has made delivery of improvement challenging. However, 10 wards that were part of the first wave of the falls improvement programme have reduced their weekly average falls by 21% in a year on year comparison. The number of serious incidents relating to deteriorating adult patients has decreased from 24 to eight thanks to support from the Frimley Excellence team and staff engagement with its systematic approach to improvement.

Community services

Frimley Health runs community services in Farnham, North East Hampshire and Surrey Heath, including services at Fleet and Farnham Hospitals and Aldershot Centre for Health, and we work closely with Berkshire Healthcare to develop community services across the rest of our catchment. Developing effective community services that provide excellence in care for patients in or closer to their own homes is essential to providing more alternatives to hospital care, which is better for patients in terms of quality and outcomes.

By integrating these services with the specialist expertise of the acute Trust, we can reduce duplication and delay and enable patients to receive specialist expertise outside of the acute hospital setting.

Among the community initiatives this year have been development of our Urgent Community Response (UCR) teams where some of our more frail and vulnerable patients can be visited by acute responders at home rather than coming to hospital as an emergency. Our teams, including clinicians and therapists supported by elderly care consultants, began operating the 'virtual ward' seven days a week from 8am to 8pm, avoiding hospital admission on 96% of occasions. This complements our community night nurse home service which operates out of hours as another alternative to hospital admission, enabling more patients to stay at home within their established support networks and familiar environments. Following the success of the UCR team, a similar service is now running across the rest of our catchment supported by Berkshire Healthcare.

Another innovative community service development has been the opening of our new therapy-led intermediate care unit at Heathlands in Bracknell in March 2022 - an exciting collaboration with Frimley Clinical Commissioning Group and Bracknell Forest Council to build a new facility. Our 20-bed unit works collaboratively with local community providers and integrated community teams to help people receive well-coordinated and joined up care promoting independence for as long as possible.

This facility is the first of its kind for the Trust and is providing a much more appropriate environment to enable patients to leave hospital sooner, or even avoid them having to be admitted to hospital at all, as well as providing a base for the Trust's frailty virtual ward and frailty hospital admission avoidance.

Although it has only just opened, initial feedback from patients and their families has been overwhelmingly positive.

Integrated Care System (ICS) and Partnerships

Frimley Health and Care Integrated Care System (ICS) has been one of the most successful ICSs, with aligned leadership and a strong track record of delivering whole-system solutions for service improvements and tackling inequalities. It was therefore reassuring that the Minister of State for Health, Edward Argar, agreed that it could continue to develop along its existing boundaries.

This confidence in our ICS has been supported further by it being the only ICS of 42 in the country to be rated as 'consistently high performing' under NHS England's new regulatory regime last year.

We have continued to play our part within the system, collaborating with those partners who we already have strong relationships with and building our networks across and beyond the Frimley system as we collectively respond to challenges facing healthcare.

Although the population of our ICS is on average healthier and wealthier than the rest of the UK, there are significant areas of deprivation and a difference in life expectancy between communities of up to a decade. Working together to improve the health and wellbeing of our population and reduce inequalities is a shared goal.

We have therefore been working with partners to identify areas of deprivation and people in most need of additional support and intervention. A joint Connected Care programme of work has allowed partners to share information about patients and clients safely and appropriately, to help us to understand more about these areas of deprivation and how to support them effectively. This also aligns with the NHS Core 20+5 national strategy that focuses on the most deprived 20% of the population with an emphasis on five clinical areas: maternity, severe mental illness, chronic respiratory disease, early cancer diagnosis and hypertension (high blood pressure). We have therefore submitted a bid to be a nationally recognised Core20+5 "Connector" which will also bring additional support and investment.

Our ICS Provider Collaborative brings together the key organisations responsible for delivering services within our system with the aim of aligning clinicians to focus on working together to improve pathways. The group, which is chaired by our CEO, has developed programmes of work to collaborate with other providers to support ageing well, pain management and musculoskeletal services in our communities to make care easier for patients to access, prevent unnecessary admissions and enable more treatments to be provided locally. This transformation will continue throughout 2022-23 as well as be extended to transform planned care and urgent and emergency care.

These programmes are the key building blocks that we need for a better future. We expect to see more collaborations like this following the introduction of the new Health and Care Bill in July 2022, which will place Frimley ICS on a statutory footing, providing greater collaboration between providers and placing new duties and obligations on partners to reduce health inequalities and contribute to broader social and economic development.

Key service developments and improvements

Our committed clinical teams strive to innovate and continuously improve to create better care and experiences for our patients. The past year has seen a wide range of developments and improvements and here are just some examples from 2021-22:

Key service developments and improvements 2021-22
A £3.2m investment to refurbish and extend our intensive care unit at Frimley Park to enhance the environment, improve infection control and increase capacity with two new isolation rooms and three side rooms (also part of our roof stabilisation programme).
Installing a new MRI scanner at Wexham Park Hospital capable of using AI (artificial intelligence) to improve accuracy and efficiency and additional endoscopy capacity in response to increased demand.
Further investment in robotic surgery to expand the range and quantity of cutting-edge surgery that we could offer our patients. The da Vinci Xi system includes a dual console for training and complex surgery and complements our versatile Versius surgical system, making Frimley Health among the most advanced trusts in the NHS for robotic surgery. Robot-assisted surgery can be more efficient and expands the range and quality of keyhole surgery we can offer, with shorter recovery times, reduced length of stay and better outcomes.
Improving care for patients with dementia, for example by creating specially adapted dementia friendly wards, which are among the best such wards in the region. Dementia is also the subject of our Trust charity's main appeal, enabling us to invest in additional therapies, facilities and equipment specifically for our patients who are living with dementia.

Rollout of a digital drug management system to control and automate dispensing on wards. The Omnicell system dispenses each patient's drugs from a cabinet on the wards that staff access via fingerprint security.
A new one-stop clinic for prostate cancer at Heatherwood, co-ordinating scans, biopsies and other investigations into one appointment. This has reduced diagnosis times from 28 days to 12, reducing worry for the patients and allowing any treatments needed to start sooner.
Pilot for new Maternity and Midwifery Advice and Support (MAMAS) line to provide a dedicated 24-hour maternity telephone triage for women across our areas. Based within an ambulance call centre the specialist team also support 999 call handlers while delivering a reliable round-the-clock service for our pregnant women. Following the 2021 pilot, the service now runs full time.
New and innovative ways of preventing ill health and supporting patients to manage their own conditions, for example investing in more clinicians to help diabetes patients manage better at home, and remote monitoring of pulse oximetry (blood oxygen levels) enabling suitable COVID patients to recover safely at home.
Expanded community midwifery hubs to offer more support for women closer to home and a same-day emergency care service for gynaecology at both our acute sites so fewer women need to be admitted for treatment.
Hospital at night service at Frimley Park and Wexham Park hospitals provides additional clinical support out of hours to improve safety in response to increase demand.
Launched support packs for families whose baby has received a Down's syndrome diagnosis after birth. They include letters of support from families who have previously received a postnatal diagnosis, along with other support resources.
Among the first five trusts in the country to offer a new process for treating urethral strictures (narrowing of the urethra) called Optilume. It involves using a new drug-coated balloon in the management of men with recurrent bulbar urethral strictures and could provide better longer-term outcomes for patients.
Created a new youth forum, including some of our long term paediatric patients, to give a stronger voice to children and young adults in how we improve care and environments for them.
One of the first trusts outside London to introduce 'HIS bundle pacing' – an advanced physiological form of cardiac pacing with potentially better long term outcomes – in our cardiac catheter labs.
Wexham maternity team achieved Stage 2 of the UNICEF Baby Friendly Initiative, which supports and promotes breastfeeding and is now one step away from joining Frimley Park maternity department in being fully accredited.
Frimley Park Neonatal Unit achieved the top Platinum Accreditation for the Bliss Baby Charter with an amazing 98.5% rating thanks to overwhelmingly positive feedback from parents.
Wexham Park Cardiology Team was one of only 50 to be re-accredited by the British Society of Echocardiography (BSE) for its high standards and quality of practice. The team, who carry out specialist scans called echocardiograms on patients' hearts, was re-accredited in all areas of its practice, including the three different types of echocardiograms that look at the structure and function of the heart.

More examples of our service developments and improvements can be found on our website: https://www.fhft.nhs.uk/news/

Operational Performance

Activity and performance

Demands on our emergency and urgent care services have consistently exceeded pre-pandemic levels and days when each of our emergency departments has seen more than 400 people including over 100 ambulance arrivals have not been uncommon. The number of patients who need to be admitted to hospital for care however is less than in 2019-20, reflecting our expansion of services that enable patients to be treated and assessed without the need for a hospital bed such as same day emergency care and urgent community response teams.

The number of patients we supported through outpatients last year returned to very near pre-pandemic levels as referrals have increased and we endeavour to restore planned care activity and see as many patients as possible. The number of babies born under the Trust's care also increased a little from last year. However, changes to the way we provide appointments for our outpatients is starting to affect the numbers. For example, while more people are having appointments via telephone and video, there was a need for more appointments to be held face-to-face to review patients whose referral or treatment may have been delayed due to COVID. Also more patient-initiated follow ups allow patients to choose if or when they need a follow up appointment and additional 'one-stop shop' appointments enable patients to have more than one appointment in a single visit.

The impact of the pandemic over the past two years has significantly increased waiting times across the NHS. Reducing this will remain one of our biggest challenges for the year ahead and beyond. The number of patients on our waiting list has increased by more than 50% since 2019.

Activity data

Outpatient activity

	2019/2020	2020/2021	2021/2022 (change on previous year in brackets
New attendances	310,153	238,846	**298,276 (+25%)**
Follow-up attendances	598,974	479,641	**610,389 (+27%)**
Total	909,127	718,487	**908,667 (+26%)**

Elective activity

	2019/2020	2020/2021	2021/2022 (change on previous year in brackets)
Day cases	89,380	52,434	**76,841 (+47%)**
Overnight	13,567	8,078	**11,363 (+41%)**
Births	9,384	9,232	**9,451 (+2%)**
Total	112,331	69,744	**97,655 (+40%)**

Non-elective activity

	2019/2020	2020/2021	2021/2022 (change on previous year in brackets)
Emergency attendances	239,631	193,473	**257,332 (+33%)**
Non-elective admissions	106,084	82,504	**93,678 (+14%)**

Patients on waiting lists on 31 March 2022

	2019/2020	2020/2021	2021/2022 (change on previous year in brackets)
Outpatients	26,362	33,511	**46,105 (+38%)**
Inpatients	9,607	9,876	**10,308 (+4%)**
Total	35,969	43,387	**56,413 (+30%)**

Note for information:

- *Day cases include regular attenders*
- *Emergency attendances includes all attendances (new, unplanned and planned)*

Access performance

The impact of the COVID pandemic has had a significant impact across our access performance in several ways: through direct COVID admissions requiring the Trust to use bed capacity normally reserved for elective work; through staff and patient sickness leading to the loss of activity; and through infection control measures reducing the capacity available in areas of the hospital. Despite these challenges our aspiration remains to deliver excellent standards of care in a high performance culture: we have not been able to achieve this in every area.

For non-elective performance, the Trust has remained in the Clinical Review of Standards trial and does not report against the 4 hour standard. However, we have maintained our focus on improvement. Admission avoidance schemes, the introduction of the two hour urgent community response, and GP streaming at the front door of ED have all allowed us to reduce admission conversion rates to less than 20% - pre-pandemic this number could range as high as 28%, and it is this admission avoidance that has allowed us to maintain our bed occupancy levels when under sustained pressure to ensure we keep waiting times as low as we can for our patients.

Our elective performance has been more challenged, with the total waiting list increasing in size across the year and waiting times for our patients increasing due to the challenges of the pandemic. In line with national recovery standards, we are ensuring no patients wait more than 104 weeks for treatment and we are planning to bring that down to 78 and 52 weeks - as well as reduce our total waiting list - during 22/23 through a combination of increased productivity enabled by our EPR, additional capacity created by extended day working in our operating theatres, and most importantly our new elective facility at Heatherwood.

In conjunction with our ICS partners we are running a "waiting well" programme to support patients who may have to wait longer. Our cancer performance has had the additional challenge of seeing weekly referrals increase - sometimes by as much as 25% compared to 2019/20, and the number of cancer patients we are managing almost double to 3000. This remains a critical priority for us as we emerge from the challenges of COVID and we are ensuring that we expedite treatment for patients.

The opening of Heatherwood and the information and clinical transformation created by EPR provide a strong foundation upon which to build the restoration of our performance standards.

Access Performance

Performance Measure	Target	Q1	Q2	Q3	Q4	2021-22
Referral to treatment time: % waiting less than 18 weeks	92%	73.9%	72.3%	68.5%	65.1%	**69.1%**
Cancer 62-day wait						
For first treatment of all cancers	85%	81.2%	79.1%	77.3%	69.6%	**76.6%**
For all cancers screening	90%	71.0%	87.1%	78.9%	58.9%	**73.4%**
Cancer 31-day wait						
For second or subsequent treatment (surgery)	94%	96.0%	92.1%	86.5%	89.6%	**90.2%**
For second or subsequent treatment (drug treatments)	98%	98.5%	100%	99.4%	99.0%	**99.2%**
From diagnosis to first treatment	96%	96.6%	95.6%	94.8%	95.1%	**95.5%**
Cancer: two weeks to be seen following referral						
All cancers	93%	91.3%	88.3%	76.3%	75.3%	**82.8%**

Finance

The Trust faced another challenging year in financial terms due to the extension of an alternative financial regime as a result of the pandemic. Our finance teams did a good job of keeping us on course during an unpredictable year with a very different financial regime where central support continued for much of the additional costs associated with COVID. We met our financial targets, achieved a further £14m in cost improvements and retained a cash balance of £195m. We continued to extend our joint working with the Integrated Care System on cost savings, financial planning and capital investments. However, we also had to prepare teams for a return to a much more challenging year ahead where the financial regime in the NHS returns to previous arrangements during 2022-23.

Our £70m capital plans included investments in the new Heatherwood Hospital and Epic EPR that will deliver excellence and efficiency in future years. It also included costs of remedial and reinforcement works on our original roof structure at Frimley Park Hospital and a replacement office block that will enable the closure of another building with the same Reinforced Autoclaved Aerated Concrete (RAAC) structure that must be eliminated by 2035. Some of our other investments are outlined on pages 18 and 19 under ‘key service developments and improvements’.

Our bank and agency costs have risen significantly, driven by exceptional operational pressures, high absence rates through COVID infection and isolation and high costs in the labour market. We targeted external sources of income such as research and development.

Quality

Our priority is and always will be to improve the care for our patients. We set six priorities for improving quality over the year based on what we considered would make the biggest difference to our patients, with our Frimley Excellence programme supporting teams to deliver against them. While our performance against those priorities was affected by the impact of the COVID-19 pandemic, our teams continued to strive for improvement.

Our priorities were:

- **Reduce the number of serious incidents relating to the suboptimal care of the deteriorating patient by 25%, by March 2022**. This ambition was originally set over two years from 2019-20. In 2019-20 we recorded 25 serious incidents relating to the deteriorating patient. This reduced to eight during 2020-21 and we have sustained our position with eight reported in 2021-22. Among the initiatives to support this priority were additional hospital at night services to improve handovers and safety out of hours.

- **Reduce the number of hospital acquired infection rates**. This was partially achieved in 2021-22**.** Our infection control team have worked incredibly hard to provide the leadership and support needed for our frontline staff during the continuing challenges of COVID-19. This has reduced their capacity to progress other infection prevention and control improvement workstreams. However, we demonstrated excellent performance for hospital-onset Clostridium difficile, with the sixth lowest rate in the country (infection rate 5.7 per 100,000 bed days), and our MRSA rates (1.1 per 100,000 bed days) was greatly improved. Unfortunately, we remain an outlier for E.coli bacteraemia (22nd highest in the country at 27.1 per 100,000 bed days), so this is a priority for improvement in 2022-23.

- **Ensure at least 35% of women are booked on to a Continuity of Carer (CoC) pathway by March 2021.** National guidance on this issue changed mid-year and we are focusing on the building blocks to improve recruitment and retention in maternity services with a target midwife ratio of 1 to 27 births per year.

- **Reduce the total number of inpatient falls (40% reduction by March 2022 compared with 2020).** We started our first Trust-wide continuous improvement programme in 2020-21 with the ambition to reduce falls over two years. Staff operational challenges and increased use of escalation areas in response to bed pressures have affected our ability to deliver the improvements. However, 10 wards involved in the first wave of the project have maintained a reduction of 25-30% and the Trust has seen a small reduction overall.

- **Reduce the incidence of avoidable pressure ulcers in our inpatient wards (including community wards).** In the past year we have introduced a new protocol for pressure injuries and we have built our new electronic patient record to support good practice.

- **Improve the patient experience in relation to their discharge from hospital (10% improvement in our local survey questions on discharge and a 5% improvement in our local discharge survey around take home medications).** Discharge packs and a post discharge survey and support service have been rolled out but we need further work to improve patients experience of discharge, in particular the patient's understanding, and knowledge of their medications.

You can read more about our quality performance throughout the year and how we monitor progress in the Trust's *2021-22 Quality Account* which we will publish in June 2022.

People

Our ambition is to be the best employer in the NHS and much of our focus this year has been to support staff during periods of relentless pressure over the past two years that has taken its toll on morale and workforce supply across the NHS. We developed a range of wellbeing and mental health support available to all staff and produced a compendium to enable all colleagues to access the services when they needed them.

In order to help our people to feel valued and appreciated we invested more than £500,000, including donations to staff via the Trust charity, to refurbish 74 staff rooms so teams could make best use of any downtime, arranged for 'FrimleyEats' food and drink trolleys to deliver a range of snacks and drinks to staff working in our hospitals, particularly focused on areas where staff find it harder to get away from clinical areas, and provided treats such as wellbeing boxes, hampers, chocolates and ice-cream vans. In March we gave every member of staff a Frimley Health water bottle as a small token of appreciation for everything they have done. We were also pleased to offer all permanent staff an additional day to their annual leave entitlement as an appreciation for the exceptional effort over the year. Our executive listening events, where the executive team hear what colleagues have to say, have been popular and we are creating new ways to give everyone a voice.

We recruited more than 3,000 employees over the year (permanent, bank, fixed-term and locum staff), a significant increase over previous years. This included 487 nurses, 712 doctors and 1,009 clinical support staff. We have identified 'hot spots' for recruitment, for example in radiology, maternity and theatres, where we have targeted recruitment efforts. Among the new roles have been the expanded workforce for the new Heatherwood Hospital and the new Heathlands intermediate care unit. We have continued to develop our Nursing Associate (NA) programme, recruiting and training a further 50 NAs who offer greater flexibility with ward resourcing and an opportunity for many of our staff to develop their careers. Leadership is at the centre of our strategy so we will be resuming our Trust and Frimley Health and Care ICS leadership programmes that were put on hold over the winter once we have launched our EPR in June.

We want everyone at Frimley Health to have a voice, to feel that they belong and are equally valued. We continued to develop objectives and governance arrangements to support our diversity and inclusion work and to work closely with our three staff diversity forums: Black, Asian, and Minority Ethnic staff; Disabilities and Carers; and Lesbian, Gay, Bisexual, Transgender, and Questioning.

These forums meet regularly with representatives who have played a key role this year in supporting the development of the Trust's engagement plan, marking cultural and diverse notable dates through webinars and celebrating different cuisines, developing a survey for staff who are carers to capture their workplace experiences and advising on content for webinars for Black History Month and LGBT+ History month.

While our results in the 2021 NHS national staff survey results compared favourably overall with other acute trusts, our ambition is to be among the very best. Responses to 45 questions were significantly better than average, 35 about the same and only 12 significantly below average, although it's important to note that scores across the whole of the NHS were down given all the challenges that staff have faced over the last couple of years.

We benchmarked above average against other trusts in all aspects of the NHS People Promise – covering themes like compassion and inclusivity, reward and recognition, staff voice, health, and teamwork – and in relation to staff engagement and morale. Teams have been using their results to address issues of concern and the survey will help to inform our recruitment and retention strategy in the coming year so we have enough of the right people to provide the care we aspire to and a clear focus on being a better listening organisation, including rewarding and recognising staff so they feel more valued.

We have been using our learning and experience of the past year to development a three-year people strategy to help us achieve our ambition of being among the very best places to work in the NHS, including a manpower recruitment and retention model to reduce staff vacancies and increase diversity at higher levels in the organisation.

Trust future priorities for service development

As we enter the third year of our five-year Our Future FHFT Strategy, we continue to review our strategic objectives to help us reach our goals.

By 2025…

- Be rated 'outstanding' with the CQC
- Have a great elective care facility with the new £98m Heatherwood Hospital
- Have one of the best trust-wide electronic patient record systems
- Develop more new roles and ways of working for our people
- Have a greater commercial offering and new business opportunities
- Develop a great culture of continuous quality improvement done the FHFT way
- Have expanded private patient services
- Lead artificial intelligence and robotics changing working practice
- Provide more services in the community

At the start of 2022-23 we face multiple challenges, many of which could not have been foreseen at the time our strategy was developed in 2019-20. In order to maintain focus on the changes we believe will make the biggest positive difference for our patients and our teams; we have outlined one corporate objective for each of our six strategic ambitions.

- Improving quality for patients – Deliver improvements in how we manage patients when their condition is deteriorating.
- Supporting our people – Focus on recruitment and retention, reward and recognition and listening as part of a three-year People Plan to truly make Frimley Health a great place to work.
- Collaborating with our partners – Improve the experience for our patients in relation to their discharge and transfers of care to support reducing length of stay and our urgent care pathway.
- Transforming our services – Deliver the GIRFT (Getting it right first time) plan to ensure we lead the tackling of elective waiting lists and maximising the benefits of Heatherwood Hospital.
- Making our money work – Develop a three-year plan and deliver the year 1 milestones to deliver our financial targets so we can continue to invest in services.
- Advancing our digital capability – Realise the benefits from our electronic patient record for patients and staff.

Key issues and risks

Maintaining quality of care for our patients will always be our priority and so any issues or risks that could impact on this are reviewed and monitored throughout the year to help us mitigate, reduce and eliminate their impact. Key issues and risks include:

Operational demand including:

- The ongoing uncertainty around COVID and the potential for further seasonal surges and new variants
- Demand for our urgent and emergency care services remaining exceptionally high
- Pressures on social care and community capacity resulting in significant delays in discharging patients home or to the right place of care
- The need to utilise day wards and other planned care areas for emergency and medically ill inpatients, which can lead to the cancellation of planned procedures and operations resulting in patients having to wait longer

We will continue working with health and care partners to alleviate community demand and develop alternatives to hospital care.

People

The need for enough staff has never been more important. Staffing and recruitment within the NHS locally and nationally is challenging with high vacancy rates and competition between NHS trusts to recruit from a limited workforce. This is exacerbated by the pressures of the past two years that have resulted in more people wanting to leave the NHS (2021 NHS staff survey).

We are putting more resource and focus into recruitment and retention by increasing our recruitment team and marketing and focusing on supporting our staff with wellbeing and career development.

Money

The NHS is facing one of the toughest years financially due to increased demand and long waiting lists for planned care. The NHS response to the pandemic resulted in a redirection of resources and significant additional cost to support patients and communities. The national operating framework for the year ahead assumes a rapid return to pre-pandemic levels of activity, efficiency and productivity, which are not likely to be fully achievable. As a result, the Trust is projecting a planned deficit for the first time although this is in line with many other trusts across the country.

Our financial plan accounts for a short period of reduced efficiency as we transition to our new EPR followed by increased efficiency as the benefits of the electronic system are realised. We will therefore need to apply strong financial discipline throughout the year in order to remain on plan, following a two-year period when most additional costs associated with the pandemic have been supported centrally.

Additional financial pressure will be linked to our ability to achieve the uplift in elective procedures (to 104% of 2019-20 levels) expected by NHS England which will be challenging as a result of the impact of essential maintenance works in the theatres at Frimley Park, to mitigate the risk of the RAAC deterioration, and the planned reduction in the number of patients we will be able to treat while our teams start using the new electronic patient record. We have plans in place to minimise the impact on how long our patients have to wait, including maximising use of our new planned care hospital at Heatherwood and increasing efficiency in our operating theatres. We anticipate, however, that we may only be able to achieve 99% of elective activity compared with 2019-20, which could mean that by missing the national target of 104% it could reduce our income by around £7m.

Reinforced Autoclaved Aerated Concrete (RAAC) at Frimley Park Hospital

The need to monitor and maintain the areas of Frimley Park Hospital that are affected by concrete RAAC planks that are known to deteriorate and must be eliminated by 2035 remains a risk.

To ensure the structures remain safe and serviceable, we have an ongoing surveying and maintenance programme and last year spent £6.1m monitoring and improving structures. This year we plan to invest a further £8.1m on remedial work. Alongside this, we have an awareness campaign to ensure our staff know how to recognise and report any potential signs of deterioration so they can be investigated and we continue to liaise with other organisations who are managing similar buildings.

A parallel programme to enable all RAAC planks to be removed from the Frimley Park Hospital building presents a major transformation of our real estate in the coming years, for which we will require central funding support. A strategic outline case is being developed as part of this process.

Environmental matters

In November 2021 the Board approved the Trust's first three-year Green Plan 2022-25, which superseded the 2017 Sustainable Development Management Plan. The Green Plan outlines our strategic objectives for improving our sustainability performance and is available on our website. Specifically the document sets out:

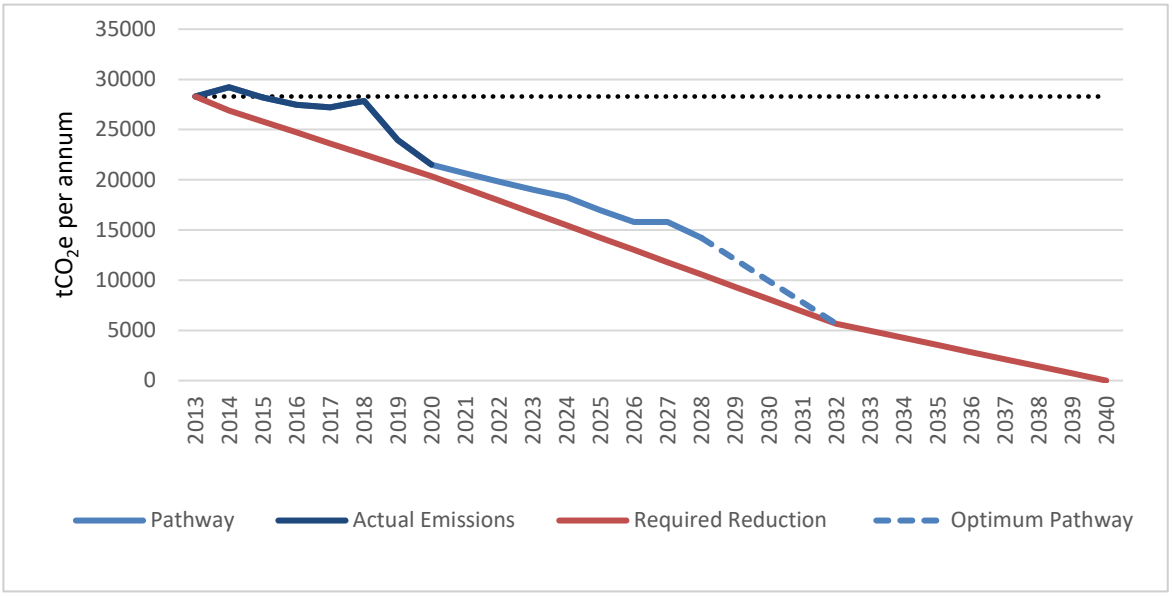
- The urgent context and our commitment to sustainability
- The carbon baseline and pathway analysis
- Our achievements in the last 4 years
- How we will respond to our sustainability obligations
- Our sustainability workstreams and action plan

The below table records our sustainability progress as required by condition 18 of the NHS Standard Contract, with reference to '*Delivering a Net Zero Health Service'* plan under the Greener NHS programme.

Requirement	**Progress up to 31 March 2022**
18.1 In performing its obligations under this Contract the Provider must take all reasonable steps to minimise its adverse impact on the environment.	The Trust has ensured it has: 1. Measures in place to comply with environmental legislation and follows relevant regulatory frameworks and guidance to minimise its adverse impact on the environment. 2. Implemented further measures to reduce its adverse impact on the environment in numerous areas of activity, including anaesthetics, prescribing practice, capital redevelopment and business travel. 3. Our Green Plan describes the further steps we will take to rapidly reduce our impacts on the environment.
18.2 The Provider must maintain and deliver a Green Plan, approved by its Governing Body, in accordance with Green Plan Guidance.	The Board approved the Trust's 2022-25 Green Plan in November 2021. The Green Plan, developed in accordance with Green Plan Guidance, has an overarching goal of "Making carbon net-zero everybody's business everyday". The Plan includes carbon reduction trajectories, updated targets and a range of actions across 15 areas, each with an Executive Lead to provide increased assurance in delivery.
18.2.1 provide an annual summary of progress on delivery of that plan to the Co-ordinating Commissioner.	The Green Plan includes a summary of reductions since 2013-14 in the NHS Carbon Footprint emissions categories, as well as describing initiatives taken since 2017-18 that have contributed to these reductions.
18.2.2 nominate a Net Zero Lead and ensure that the Co-ordinating Commissioner is kept informed.	Nigel Foster, Director of Finance is the Trust's nominated Net Zero Lead.

18.3 Within its Green Plan the Provider must quantify its environmental impacts and publish in its annual report quantitative progress data, covering as a minimum greenhouse gas emission in tonnes, emissions reduction projections and an overview of the Provider's strategy to deliver those reductions.	The Trust has quantified its environmental impacts, in terms of carbon emissions, in the Green Plan 2022-25, including emissions reduction objectives and the Trust's strategy to deliver those reductions. Please see Figure 1 which illustrates quantitative progress data covering greenhouse gas emission in tonnes and emissions reduction projections. A detailed description of the Trust's strategy to deliver the reductions can be found in the 2022-25 Green Plan here with an overview of progress in the sections below.

Figure 1 - Annual emissions since 2013-14 and pathway projections in tCO_2e to 2040



18.4 As part of its Green Plan the Provider must have in place clear, detailed plans as to how it will contribute towards a 'Green NHS' with regard to Delivering a 'Net Zero' National Health Service.	During 2021-22 the Trust has taken action to contribute towards a Green NHS, with regard to delivering the 'Net Zero' National Health Service commitments as described in the below categories.
Air Pollution	
18.4.1.1 take action to reduce air pollution from fleet vehicles, transitioning as quickly as reasonably practicable to the exclusive use of low and ultra-low emission vehicles.	The Trust has started to take action to reduce air pollution from fleet vehicles by only leasing vans meeting Euro6 diesel standards or better and by leasing electric cars where reasonably practical given current electric charging capacity. In total, 84% of the fleet vehicles are now Low Emissions Vehicles, against an interim 2021/22 LTP target of 75%. This includes 17.8% Ultra-Low emissions and 8.2% Zero Emission Vehicles, both above the national average.

18.4.1.2 take action to phase out oil and coal for primary heating and replace them with less polluting alternatives.	N/A – the Trust does not use oil and coal for primary heating.
18.4.1.3 develop and operate expenses policies for staff which promote sustainable travel choices.	The Trust will be further evaluating options for expenses policies for staff which promote sustainable travel choices in 2022-23.
18.4.1.4 ensure that any car leasing schemes restrict high emission vehicles and promote ultra-low emission vehicles.	The Trust's salary sacrifice scheme, Fleet My Car, promotes ultra-low emission vehicles and availability of cars in 2021-22 was limited to those with emissions below 130gCo2e/km. From July 2022 this limit will be reduced to 75gCo2e/km.
Climate Change	
18.4.2.1 to reduce greenhouse gas emissions from the Provider's Premises in line with targets in Delivering a 'Net Zero' National Health Service.	The Trust has taken action to reduce emissions from its premises in line with targets in Delivering a 'Net Zero' National Health Service.
18.4.2.2 in accordance with Good Practice, to reduce the carbon impacts from the use, or atmospheric release, of environmentally damaging gases such as nitrous oxide and fluorinated gases used as anaesthetic agents and as propellants in inhalers, including by appropriately reducing the proportion of desflurane to sevoflurane used in surgery to less than 10% by volume, through clinically appropriate prescribing of lower greenhouse gas emitting inhalers, by encouraging Service Users to return their inhalers to pharmacies for appropriate disposal.	***Anaesthetic agents:*** The anaesthetics teams have reduced the proportion of desflurane to sevoflurane used in surgery to less than 6% by volume (against a target of less than 10%) and continue efforts to increase the proportion of procedures undertaken using Total intravenous anaesthesia (TIVA) to reduce both desflurane and sevoflurane usage. ***Nitrous Oxide:*** In addition to steadily reducing nitrous oxide usage in theatres since 2017, in 2021-22 the Trust developed two strategies for reducing nitrous oxide emissions that will be implemented in 2022-23. The first, with a scope of all piped nitrous oxide, is to conduct a nitrous oxide waste audit and remedial measures. The second is the deployment of six nitrous oxide mobile destruction units across the Trust's two birthing centres, in order to capture and destroy the nitrous oxide in the Entonox exhaled in birthing suites. ***Green inhaler prescribing*:** In addition to the incentives to Primary Care Networks to reduce the proportion of prescribed non-salbutamol metered dose inhalers, the Trust has continued to work with the CCG to prompt clinicians to prescribe lower carbon inhalers, through Scriptswitch, and has participated in training webinars delivered by the CCG Medicines Optimisation team.
18.4.2.3 to adapt the Provider's Premises and the manner in which Services are delivered to mitigate risks associated with climate change and severe weather.	The Trust will build on its winter cold weather and heatwave plans in 2022-23 and develop a climate change adaptation plan as well as ensure climate risk is on the corporate risk register. The Trust will also implement an improved, wider scope, space temperature monitoring system.

Single Use Plastics, Waste and Water Usage	
18.4.3.1 to reduce waste and water usage through best practice efficiency standards and adoption of new innovations.	The Trust engaged a third party to conduct a high-level water audit in 2021. There were no significant areas of opportunity identified to reduce water usage or leaks, however the Trust is following up on the viable opportunities identified in the survey. The Trust is open to the adoption of innovations to reduce waste and water usage, subject to operational viability.
18.4.3.2 to reduce avoidable use of single use plastic products, including by signing up to and observing the Plastics Pledge.	The Trust signed up to the Plastic Pledge in 2019 and provided data relating to use of single-use plastics in catering in March 2020. Currently there is no central data collection by NHSEI, but we continue to measure our progress on reducing single-use catering plastics.
18.4.3.3 so far as clinically appropriate, to cease use at the Provider's Premises of single-use plastic cutlery, plates or single-use cups made of expanded polystyrene or oxo1degradable plastics.	The Trust has ceased use of single-use plastic cutlery, plates or single-use cups made of expanded polystyrene or oxo-degradable plastics.
18.4.3.4 to reduce the use at the Provider's Premises of single use plastic food and beverage containers, cups, covers and lids.	The Trust will report on is progress on reducing the use of single use plastic food and beverage containers, cups, covers and lids on our premises in 2022-23.
18.4.3.5 to make provision with a view to maximising the rate of return of walking aids for re-use or recycling.	The Trust has a walking aid return scheme through which it will seek to work with partners and follow best practice to maximise the return rate. The Trust also operates a general reuse scheme through the Warp It platform with items claimed in 2021-22 having an equivalent purchase and waste cost of approximately £10,000.
18.5 The Provider must ensure that with effect from the earliest practicable date (having regard to the terms and duration of and any rights to terminate existing supply agreements) all electricity it purchases is from Renewable Sources.	The electricity supply contract entered into by the Trust in 2020 was 100% from renewable sources.
18.6 The Provider must, in performing its obligations under this Contract, give due regard to the potential to secure wider social, economic and environmental benefits for the local community and population in its purchase and specification of products and services, and must discuss and seek to agree with the Coordinating Commissioner, and review on an annual basis, which impacts it will prioritise for action.	In order to secure wider social, economic and environmental benefits for the local community and population in its purchase and specification of products and services the Trust has included a 10% weighting for social value in several significant tenders since April 2020, and since the end of 2020 has prioritised COVID recovery and reduced environmental impact as social value themes.

Social, community, anti-bribery and human rights issues

The Trust recognises the need to forge strong links with the communities it serves and our Communications and Engagement team leads our engagement activity across our catchment area. The Trust's communications and engagement work is far reaching and includes community engagement, public research, media and social media management, liaison with GPs and other system partners and patient information.

Our membership events are open to all and offer the local community the chance to get involved, and also to find out more about how we work through newsletters, events and public engagement work. We have over 15,000 public members. We also work in partnership with other parts of the NHS and local organisations on community-wide health issues.

To meet the needs of a diverse population, a telephone interpreting service is available and key information leaflets are provided in other languages. A spiritual care service which reflects the different faiths and beliefs of the local population is in place to support patients and relatives. Making iPad devices available to all inpatients to help them keep in touch with family members during restricted visiting, has supported better patient experience particularly for patients with sensory impairment and speakers of languages other than English.

We are committed to meeting our obligations in respect of the Human Rights Act. Our Equality and Diversity Policy was updated during the reporting year in alignment with the requirements of the Equality Act and human rights legislation. The policy is kept under regular review and is monitored annually by reviewing the application of employment policies by protected characteristics. Where appropriate our policies have an equality impact assessment to gauge their effect on service users and staff.

As reported in the staff report on page 73 the Trust has an Anti-Fraud and Corruption Policy that sets out the Trust's approach to all forms of fraud or suspected fraud or corruption.

Significant events post 31 March 2022

There have been no significant events since the end of the financial year affecting the foundation trust.

Overseas operations

The Trust did not have any overseas operations during the financial year.

Neil Dardis
Chief Executive
21 June 2022

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 2022 are recorded below.

Non-executive directors

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

Chairman

Appointed: 1 April 2016
End of tenure: 31 March 2023

Pradip was appointed to the Trust as Chairman of the Board of Directors and Council of Governors in April 2016. In September 2021, following a recommendation from the Non-Executive Performance and Remuneration Committee, the Council of Governors approved the extension of Pradip's term of office by a further year to 31 March 2023.

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 went 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 and Deputy Chairman

Appointed: 1 April 2011
End of tenure: 31 January 2022

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, with direct responsibility for managing the IT and transformation integration activity.

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.

Rob stepped down from the Board on 31 January 2022 to take up a new post as interim Chair of Berkshire and Surrey Pathology Services.

Mike O'Donovan BA (Hons)

Independent non-executive director

Appointed: 14 October 2014
End of tenure: 31 March 2023[1]

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 September 2021, following a recommendation from the Non-Executive Performance and Remuneration Committee, the Council of Governors approved the extension of Mike O'Donovan's term of office for a further year to 31 March 2023.

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 the neighbouring Frimley Park Hospital NHS Foundation Trust to form Frimley Health NHS Foundation Trust.

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

Dawn Kenson BSc Hons, ACII, Dip PFS

Senior independent non-executive director

Appointed: 1 June 2015
End of tenure: 31 March 2023[2]

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[3]

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.

[2] In September 2021, following a recommendation from the Non-Executive Performance and Remuneration Committee, the Council of Governors approved the extension of Dawn Kenson's term of office for a further year until 31 March 2023.

[3] In November 2019, following a recommendation from the Non-Executive Performance and Remuneration Committee, the Council of Governors approved a second term of office to 31 March 2023.

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**.**

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
Deputy Chairman from 1 February 2022

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.

NExT Director Scheme

During 2021-22 Frimley Health took part in the NExT Director Scheme, a development programme designed to help find and support the next generation of talented people from underrepresented groups on NHS boards into non-executive roles. The following individuals were offered 12 month placements on the Frimley Health Board as non-voting NExT Directors from 1 May 2021.

Pooja Dewan

NExT Director

Placement: From 1 May 2021

Pooja has been working as an Investment Banker for the past 10 years at HSBC, and prior to that at UBS. At HSBC she is responsible for advising investors on European and Asian listed businesses.

She also works with global corporates to assist them raise capital. Alongside this, she is a Director of a care home and sheltered accommodation business. Pooja graduated with an Economics degree from The University of Cambridge in 2009 and pursued a Law degree following this from BPP and The College of Law, London

Debbie Raven

NExT Director

Placement: From 1 May 2021

Having qualified as a nurse 30 years ago, Debbie's clinical career specialised in community and palliative care nursing. She has also held various senior leadership roles across the NHS, Independent and Charity sector, and has a wide range of experience as an Executive Board member.

Her current role is Chief Executive of Thames Hospice in Windsor, where she leads an exceptional palliative and end of life care service serving the population of East Berkshire and South Buckinghamshire.

Executive Directors

Neil Dardis

Chief Executive

Appointed: March 2018

Neil has worked in the NHS for over 25 years and has extensive Board and senior management experience. Prior to joining Frimley Health, Neil was at Buckinghamshire Healthcare NHS Trust for five years, as Chief Executive, Deputy Chief Executive and Chief Operating Officer. For six years before that 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 is an active partner within Frimley ICS and neighbouring integrated care systems. He currently leads the Provider Collaborative where he steers service transformation and improvement across all partners.

Neil is passionate about supporting and developing people and believes that organisations with staff who feel valued, empowered and are supported to realise their potential, deliver the best care for patients.

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 and 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 executive responsibility for estates, which over the past year has included completion of our new Heatherwood Hospital and other capital projects across our sites. He is leading work on options for the long term future of the Frimley Park Hospital site. His responsibilities also cover contracting, information, procurement and, as Senior Information Risk Officer (SIRO), he leads on information governance matters on behalf of the Board.

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.

Matt Joint

Director of People

Appointed: 28 June 2021

Matt leads our ongoing work to support, cherish and develop our staff.

He joined Frimley Health from University Hospitals Bristol and Weston NHS Foundation Trust, where he was Director of People for four years.

Matt has previously held senior corporate roles in human resources at Centrica and Amey Plc. In previous years he has held the post of HR Director at Royal Mail Group, where he was responsible more than 40,000 staff. He has extensive experience of implementing major change initiatives in large organisations and has particular expertise in talent management, leadership, and development.

Matt trained as a research psychologist and held a research fellowship at Leeds University. He also has an MSc in Civil Engineering.

Caroline Hutton

Director of Transformation, Innovation and Digital Services

Appointed: 30 September 2021

Caroline joined the Trust in September 2020 on an interim basis and was appointed permanently to the Director of Transformation, Innovation and Digital Services role in September 2021. As well as being the executive lead for digital services and continuous quality improvement, Caroline leads many of our key change programmes.

Caroline 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.

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

Eleanor Shingleton-Smith

Acting Director of Human Resources

Appointed: 1 November 2020

Eleanor Shingleton-Smith was the Acting Director of Human Resources (HR) until the Director of People was appointed to the Trust in June 2021 and is now Deputy Director of People. She has over 25 years of relevant experience within the health sector and 5 years in the youth charity field. Eleanor's portfolio covers all aspects of HR management and OD. Eleanor is a Chartered Member of the Institute of Personnel and Development, has a MSc in Organisational Behaviour and a Postgraduate Diploma in Strategic Workforce Planning.

John Seymour BMBCh MA(Oxon) PhD FRCP

Deputy Medical Director

John Seymour was the interim Managing Director from December 2021 until April 2022 and was responsible for managing the day to day operations, including the delivery of urgent care, elective recovery and managing key stakeholder and system relationships. This enabled the Chief Operating Officer to focus on operationalising the implementation of EPR throughout the Trust and the transformation linked to the opening of the new Heatherwood Hospital.

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 as 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:

- Seven non-executive directors (including the Chairman)
- Seven executive directors (including the Chief Executive)
- One acting director and one interim director
- Two NExT Directors

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 stepped down from the Board in January 2022 prior to the end of his term of office on 31 March 2022.
- Mike O'Donovan was appointed to the Board in October 2014 and his term of office was further extended by the Council of Governors in September 2021 until 31 March 2023.
- Dawn Kenson was appointed to the Board in June 2015 and her term of office was further extended by the Council of Governors in September 2021 to 31 March 2023.
- Bryan Ingleby replaced Rob Pike as the Deputy Chairman on 1 February 2022.
- There was one vacant NED post throughout the reporting year.
- The Council of Governors approved the appointment of two non-executive directors from 1 April 2022 for a three year term of office.

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:

- Matt Joint was appointed to the Board as the Director of People on 28 June 2021.
- Caroline Hutton was appointed to the Board as the Director of Transformation, Innovation and Digital Services on 30 September 2021.
- Eleanor Shingleton-Smith stepped down from the Board in June 2021, as the Acting Director of Human Resources.

As of 31 March 2022, the Trust had seven voting executive directors and seven voting non-executive directors. In accordance with Monitor's NHS Foundation Trust Code of Governance, the Chairman held a second or casting vote in the event that voting was tied.

Board Attendance Record

The directors' record of attendance at Board meetings during 2021-22 is recorded below.

Name	Position	Private Meeting	Public Meeting	Total
Non-executive directors				
Pradip Patel	Chairman	7/7	6/6	13/13
Michael Baxter	Non-executive director	6/7	6/6	12/13
Bryan Ingleby	Non-executive director	7/7	5/6	12/13
Dawn Kenson	Non-executive director	7/7	6/6	13/13
Mike O'Donovan	Non-executive director	7/7	6/6	13/13
Rob Pike	Non-executive director	6/6	5/5	11/11
John Weaver	Non-executive director	6/7	5/6	11/13
Executive directors				
Neil Dardis	Chief Executive	7/7	6/6	13/13
Dan Bradbury	Chief Operating Officer	6/7	5/6	11/13
Nigel Foster	Director of Finance	7/7	6/6	13/13
Tim Ho	Medical Director	7/7	6/6	13/13
Caroline Hutton	Director of Transformation, Innovation and Digital Services	6/7	5/6	11/13
John Seymour	Interim Managing Director	2/2	2/2	4/4
Eleanor Shingleton-Smith	Acting Director of Human Resources	2/2	1/1	3/3
Lorna Wilkinson	Chief of Nursing and Midwifery	6/7	6/6	12/13

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
Brook Avenue
Ascot
Berkshire
SL5 7GB

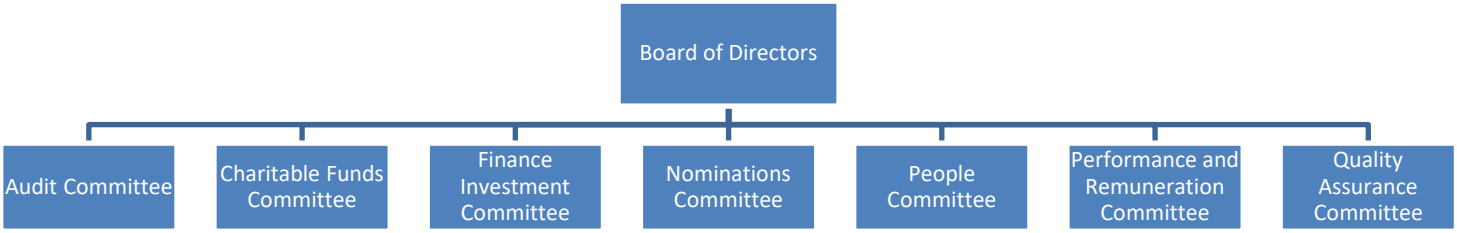
Telephone: 0300 6143 606
Email: dorota.underwood@nhs.net

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 business priorities. 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 the appointed internal and external auditors. Specifically, the Audit Committee:

- monitors the integrity of the Trust's financial statements and the significant financial reporting judgements contained in them.
- reviews the Trust's internal financial controls and any amendments to the Trust's Standing Financial Instructions
- monitors and reviews the effectiveness of the internal audit process.
- agrees the annual schedule of internal audit reviews, receives the relevant reports and ensures the management issues raised are actioned;
- monitors and reviews the effectiveness of the external audit process and the External Auditors' independence and objectivity.
- reviews the Trust's processes to gain assurance on the effectiveness of clinical audit
- reviews the arrangements by which staff of the Trust may raise, in confidence, concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or other matters.

Membership and Attendance

The Audit Committee is chaired by Bryan Ingleby, a non-executive director, and the other non-executive director members are Michael Baxter, Dawn Kenson and Mike O'Donovan. The Audit Committee met five times in 2021/22. The attendance record is recorded on page 51.

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 agreed a two year extension to the contract in May 2019, taking the contract end date to 31 March 2021. The Council of Governors agreed a final one year contract extension in March 2021, taking the contract end date to 31 March 2022.

Internal auditor

During the year ending 31 March 2022, 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.

Counter-fraud service

During the year an independent local counter-fraud service was provided by Grant Thornton and they supported the Trust with counter-fraud investigations, policy reviews and fraud awareness training for staff.

The Audit Committee receives and monitors policies and procedures associated with countering fraud and corruption. All of the Trust's policies are published on the intranet and are accessible to all staff.

Auditor independence and non-audit services

The Audit Committee reviews and monitors the external auditor's independence and objectivity. 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 has a policy by which non-audit services and fees provided by the external auditor are approved. In the financial year 2021-22 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 2022

During the course of the year the Audit Committee considered a number of audit reports from the internal auditors that provide assurance on the effectiveness of the Trust's internal control processes. These included key financial systems, data quality, corporate governance and the handling of complaints. All internal reviews received a moderate level of assurance indicating that in the main, there were appropriate procedures and controls in place to mitigate the key risks reviewed.

At its meeting in May 2021, the Audit Committee received the annual audit report from the Trust's external auditors KPMG and recommended the Annual Report and Accounts 2020-21 to the Board of Directors for final approval. In December 2021, the Audit Committee reviewed and recommended the 2020-21 Charitable Funds Annual Report and Accounts for approval to the Charitable Trustees.

Following the year end, the Audit Committee considered the draft Annual Report and Accounts 2021-2022 and received the ISA 260 Report from KPMG. The external auditors considered four significant audit risk areas:

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

The results of their testing were satisfactory and no significant weaknesses were identified.

Charitable Funds Committee

The Charitable Funds Committee is chaired by John Weaver and it met four times in 2021-22.

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

Throughout the year the Committee considered the ongoing impact of the pandemic on the Frimley Health Charity which continued to restrict fundraising activities. Nevertheless, the Charity continued to focus on diverse income streams and some new team members were recruited to target major donors, legacies, community fundraising and lottery growth.

In the last 12 months almost £1m was spent on staff welfare projects which had a positive impact on many clinical teams that benefited from the transformation of their relaxation areas. The Committee continued to prioritise the spending of charitable funds and in particular to identify hospital capital projects where legacies and other monies raised could be put to good use.

Overall, Frimley Heath Charity raised almost £1.25 million in 2021-22 and has an ambitious target to raise £5 million annually by 2025.

Finance Investment Committee

The Finance Investment Committee was chaired by Rob Pike until January 2022 and by John Weaver from February 2022. The Committee met on eight 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.

In September 2021, the Committee spent dedicated discussion time on the challenging NHS financial position and forward financial planning to develop a proactive approach to managing the Trust's finances. The development of a robust efficiency savings plan was also a particular focus towards the end of the reporting year.

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 and Dawn Kenson. The attendance record is recorded on page 51.

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 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 decide if external consultants should be appointed to assist in the recruitment process, to interview suitable agencies and to select accordingly.
- To agree who should sit on the Appointments Panel, and in the case of the recruitment of the Chairman and NEDs to follow the NERC's lead on governor representation.
- 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.

The Nomination Committee ensures plans are in place for orderly succession to the Board, which includes oversight of the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the organisation, and the future skills and expertise needed on the Board. 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 of 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 approved the substantive appointment of a Director of Transformation, Innovation and Digital Services and the recruitment process led by the HR team. The subsequent recommended approval of Caroline Hutton by the selection panel was approved by the Nominations Committee in July 2021.

In October 2021 the Nominations Committee approved the governance arrangements and selection process to support the recruitment of two NEDs to join the Frimley Board. The selection panel comprised a majority of governors in accordance with Monitor's NHS Foundation Trust Code of Governance. Subsequently, the NERC recommended the preferred candidates to the Council of Governors for appointment in February 2022. The role of the NERC is described on page 70.

People Committee

The People Committee met on four occasions in 2021-22 and was chaired by John Weaver.

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 2021-22, the People Committee received updates on the Trust's recruitment plans, leadership and talent management, equality and diversity, raising concerns and progress against the Trust's People Plan. The Committee's priorities were around staff health and wellbeing, staff retention, appraisals and talent management. The Committee also received assurance on the actions in place to mitigate the people risks identified on the Corporate Risk Register.

Performance and Remuneration Committee

The role of the Performance and Remuneration Committee is recorded in the Remuneration Report from page 69.

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 support 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 Account;

d) Overseeing 'Deep Dive Reviews' of identified risks to quality identified by the Board or the Committee, particularly serious incidents requiring investigation and how well the recommended actions have been implemented.

During 2021-22, the Committee received regular reports on the Trust's quality improvement priorities, patient safety, patient experience, infection prevention and control, and maternity services. In particular, the Committee was kept appraised of the ongoing COVID-19 pandemic throughout the year and received regular updates on infection control work, and its impact on patient services.

Throughout the year the Committee provided the Board with assurance in a number of areas, including the Trust's compliance with the Ockenden review recommendations, the implementation of the midwifery continuity of care model, learning from serious incidents and the delivery of quality improvement priorities.

Board Committee Attendance

The below table records the board member attendance for the statutory committees.

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

* The Chief Executive is a 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 the non-executive director appraisals.

The Chief Executive reviews the performance of the executive directors as part of the annual appraisal process and the Chairman is responsible for the Chief Executive's annual appraisal. The Performance and Remuneration has oversight of the executive director 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 2022, 21 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, which may 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. Throughout 2021-22, Rod Broad was the Lead Governor.

The below table records the names of our governors as of 31 March 2022 and their terms of 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 24	2nd
Hart & East Hampshire	Steve Forster	1 Nov 21	31 Oct 24	1st
Hart & East Hampshire	Charles Fowles	1 Nov 21	31 Oct 24	1st
Outer Catchment Area (Rest of England)	Jill Wakefield	1 Nov 20	31 Oct 23	1st
Rushmoor	Kevin Watts	29 Oct 15	31 Oct 24	3rd
Rushmoor	Peter Woodford	1 Nov 21	31 Oct 24	1st
Slough	Nasar Khan	1 Nov 19	31 Oct 22	1st
Slough	Graham Leaver	1 Jan 15	31 Oct 22	3rd
Surrey Heath & Runnymede	Kellie Meyer-Bothling	1 Nov 21	31 Oct 24	1st
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	Nov 22	1st
Hampshire County Council	Rod Cooper	Sep 18	Oct 24	1st
Surrey County Council*	Vacancy			
Ministry of Defence	Cl. Ellie Williams	Jan 20	Jan 23	1st

* *During the year the Leader of Surrey County Council confirmed the withdrawal of their representative from the Council of Governors. Subsequently the Council of Governors and Board of Directors approved a change to the Trust's constitution and invited Surrey Heath Borough Council to take up a seat on the Council.*

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 and realise our commitment to improve the quality of services 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 which include:

- 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 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, the Chairman would endeavour to resolve this in the first instance. 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 their representing organisation.

During 2021-22 the Council of Governors approved the appointment of two non-executive directors, the extension of NED terms of office, a change to the Trust's constitution involving stakeholder governor representation and the re-tender 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 against business priorities and other 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 the ongoing COVID-19 pandemic, elective recovery plans and other system pressures.

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 about their concerns and interests. Board members also attend the local health event meetings which provides an opportunity to listen to the views of constituency members. The governors continued to meet virtually throughout the pandemic.

Attendance at Council of Governors meetings

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

Constituency	Governor	Total
Public: Bracknell Forest & Wokingham	John Lindsay	4/4
Public: Bracknell Forest & Wokingham	Sarah Peacey	4/4
Public: Chiltern, South Buckinghamshire and Wycombe	Paul Henry	3/4
Public: Guildford, Waverley & Woking	Sylvia Thompson	3/4
Public: Hart & East Hampshire	Steve Forster	1/2
Public: Hart & East Hampshire	Charles Fowles	2/2
Public: Outer Catchment Area (Rest of England)	Jill Wakefield	3/4
Public: Rushmoor	Kevin Watts	1/4
Public: Rushmoor	Peter Woodford	2/2
Public: Slough	Nasar Khan	3/4
Public: Slough	Graham Leaver	0/4
Public: Surrey Heath & Runnymede	Kellie Meyer-Bothling	2/2
Public: Surrey Heath & Runnymede	Ann Smith	4/4
Public: Windsor & Maidenhead	Rod Broad	4/4
Public: Windsor & Maidenhead	Robin Wood	3/4
Staff: Frimley Park	Udesh Naidoo	4/4
Staff: Heatherwood & Community Hospitals	Michael Ellis	2/4
Staff: Wexham Park	David Maudgil	0/4
Stakeholder: Berkshire Councils	Dale Birch	0/4
Stakeholder: Hampshire County Council	Rod Cooper	1/4
Stakeholder: Ministry of Defence	Col. Ellie Williams	3/4
Stakeholder: Surrey County Council	Vacancy	

Governors who stood down in 2021-22

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

Constituency	Governor	Total
Public: Hart & East Hampshire	Donna Brown	1/2
Public: Rushmoor	Brian Hambleton	2/2
Stakeholder: Surrey County Council	Edward Hawkins	0/2
Public: Surrey Heath & Runnymede	Mary Probert	2/2
Public: Hart & East Hampshire	Jill Walker	2/2

Board attendance at Council of Governor Meetings

Name	Position	Total
Pradip Patel	Chairman	4/4
Michael Baxter	Independent non-executive director	3/4
Bryan Ingleby	Independent non-executive director	4/4
Dawn Kenson	Senior Independent Director	4/4
Mike O'Donovan	Independent non-executive director	3/4
Rob Pike	Deputy Chairman	3/3
John Weaver	Independent non-executive director	2/4
Neil Dardis*	Chief Executive	3/4
Dan Bradbury*	Chief Operating Officer	1/4
Nigel Foster*	Director of Finance	3/4
Dr Timothy Ho*	Medical Director	1/4
Caroline Hutton*	Director of Transformation, Innovation and Digital Services	4/4
Matt Joint*	Director of People	2/3
Lorna Wilkinson*	Chief of Nursing and Midwifery	1/4

**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
Brook Avenue
Ascot
Berkshire
SL5 7GB

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

Governor Committees

The Council of Governors has one statutory committee and three working groups:

1. Community Engagement Group
2. Governance Working Group
3. Non-Executive Performance and Remuneration Committee
4. Patient Experience and Involvement Group

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.

Governance Working Group

A Governance Working Group is convened, at least annually, to consider proposals made by the Trust in light of regulatory or other governance guidance, and to review and approve changes to the Trust's constitution, prior to submission to the Council of Governors for approval.

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 70.

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.

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 61.

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 overall target of 25,000 members by the end of year, with a total membership of 27,867 as of 31 March 2022. This figure comprised 15,211 public members and 12,656 staff members.

Membership Engagement

The COVID-19 pandemic continued to have a major impact on the way we engage with members during the year. When face to face meetings ceased in March 2020 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.

The main focus has been engaging people through foundation trust membership and fundraising, rather than volunteering, as visiting hospital sites has been kept to a minimum.

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 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.

Regular email messages are sent to members, and we have introduced a monthly update to communicate important information, for example changes to patient visiting arrangements, infection control guidance and general COVID-19 guidance. 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 good levels of attendance.

However, due to the continuing COVID restrictions, the experience of past two years has provided an opportunity to rethink the way we engage with our members. We have looked at what has worked, what has been challenging, and how can we obtain a richer engagement experience with our membership.

During the reporting year, the Communications Team has supported the Membership and Engagement Manager to facilitate alternative virtual events and activities. We have embraced virtual technology since July 2020 to enable us to continue with effective engagement through our health events.

The Trust's Annual Members Meeting (AMM) was held in November 2021. The Microsoft Teams event was able to include all the usual elements of an AMM, such as the annual and financial performance and auditors' reports, questions to the Board, operational updates and outlines of future plans and strategies. More than 150 links were made to the meeting and the virtual meeting was advantageous in being much more accessible, especially given the geographical size of our catchment area as illustrated below. The event was also 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.

In addition to our health event meetings we have also developed the Trust's membership newsletter (an online version of InTouch magazine) to further engage with Trust members. It is likely that we will continue with many of the virtual engagement practices as part of our future offering.

Membership Statistics

Membership per local authority public constituency as of March 2022 (not including staff)

Constituency	Population per constituency aged over 16	Number of members 31 March 2022	% of total public membership 31 March 2022
Bracknell Forest and Wokingham	188,342	1,204	7.92%
South Buckinghamshire	70,850	324	2.13%
Guildford, Waverley and Woking	96,561	1,254	8.25%
Hart and East Hampshire	127,314	1988	13.07%
Rushmoor	95,330	2,518	16.56%
Slough	150,992	1,588	10.44%
Surrey Heath and Runnymede	108,874	2,636	17.33%
Windsor and Maidenhead	151,957	1,004	6.60%
Rest of England	0	2,668	N/A

Staff Constituency Membership as of 31 March 2022

Constituency	Number of members 31 March 2022
Frimley	7,323
Wexham	4,573
Heatherwood & Community	760
Total	12,656

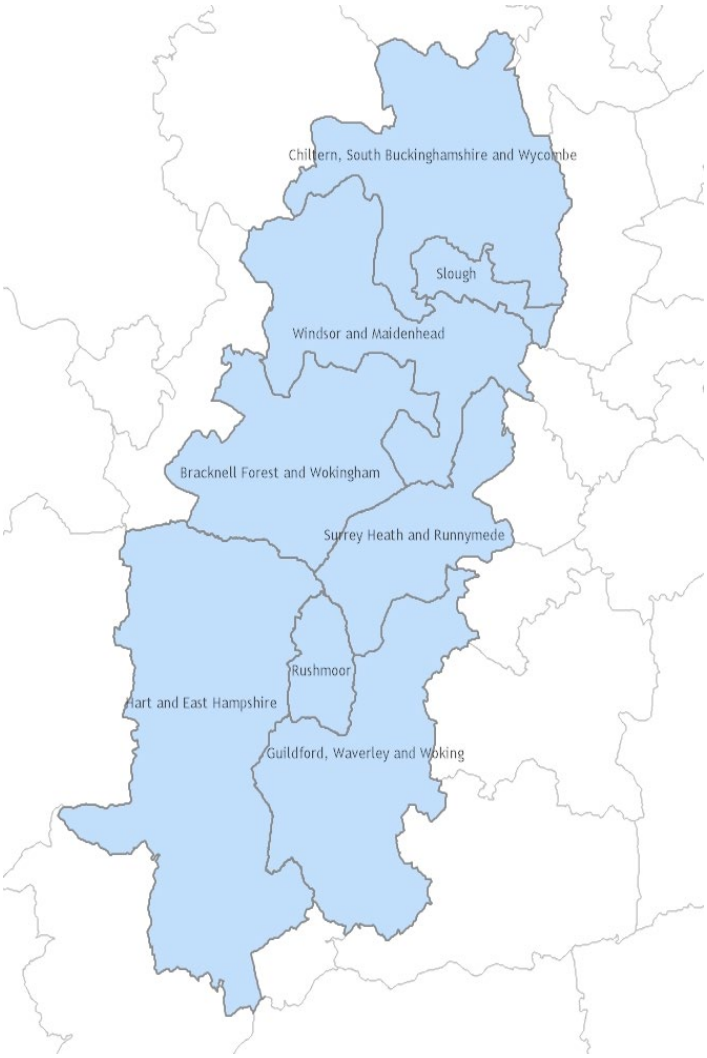
Ethnicity and engagement

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 2022	Public members (% in brackets) March 2021	Public members (% in brackets) March 2020
White	83.13%	11,902 (78.25%)	12,188 (78.5%)	12,438 (78.9%)
Mixed	2.17%	243 (1.60%)	246 (1.5%)	244 (1.5%)
Asian	11.48%	1,530 (10.06%)	1,542 (9.9%)	1,542 (9.8%)
Black	2.31%	397 (2.61%)	398 (2.6%)	403 (2.6%)
Other	0.91%	1,124 (7.39%)	135 (0.9%)	139 (0.9%)
Not specified	0.00%	989 (6.5%)	1,002 (6.4%)	1,006 (6.4%)
Total	100%	15,196	15,525	15,772

Note: The above figures have been subject to data cleansing.

Membership catchment map for Frimley Health NHS Foundation Trust as of 31 March 2022



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

Community Engagement Group (CEG)

The Community Engagement Group (CEG) is a working group of the Council of Governors and together with the Patient Experience and Involvement Group it enables governors to influence and develop patient and public involvement.

CEG 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.

During the year, CEG has developed a new approach to engaging with members to offer a wider range of opportunities for governors to engage with members and the wider public, as well as with partner organisations.

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

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 donations 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 to five years in accordance with the NHSI Well-led Framework. The next external well-led assessment is planned in early 2023.

The Trust uses the well-led framework to inform its governance processes, which are described in the Annual Governance Statement that starts on page 88.

Patient care activities and stakeholder relations

Our Quality Account provides a detailed report on 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 in June 2022 and will be available on our website.

Examples of patient care and stakeholder involvement include:

Maternity Voices Partnership

As part of our equity work a cultural competency advertising campaign was co-produced with the Maternity Voices Partnership (MVP). This included videos addressing biases which may be seen in care settings and the creation of cultural awareness flyers and posters which are now in use throughout the Trust. This work was shortlisted for an NHS communicate award under the category promoting diversity and inclusion in communications. A Down's syndrome support pack for families whose babies receive an unexpected, postnatal diagnosis of Down syndrome was co-produced with service users via the MVP and Local Maternity and Neonatal System.

Frimley Health Youth Forum

The Frimley Health Youth Forum is helping to shape the development of the Trust's paediatric services and they describe themselves as a '*a group of dynamic young people who …share a passion to instigate change to provide the care that children and young people (CYP) want and need. We feel strongly that all CYP should be given the opportunity to collaborate with their healthcare providers and influence how the health care system works, … so that CYP's voices are heard and actively influence change, and to ultimately sustain our NHS for future generations to come.'*

Since its formation in June 2021 the Youth Forum has:

- Reviewed the Frimley CCG Healthier Together Mental Health webpages for CYP, ensuring the pages appeal to CYP, and the information provided is relevant and easily accessible for their peers.
- Supported the CYP CRISIS Transformation & Healthier Together project manager scoping ideas for a Safe Haven for CYP in the Berkshire area.
- Reviewed self-harm support posters for the CCG, also using their own initiative by displaying them in their own schools/colleges to ensure their peers are aware of the support available.
- Interviewed potential candidates for a paediatric consultant post and provided feedback to the main stakeholder panel, ultimately influencing which candidate was offered the role.
- Supported the paediatric Diabetes team to produce a poster from draft to final piece 'The Power of Language,' highlighting the importance of using empowering language which is clear, empathetic and person-centred when speaking with CYP.

Patients with Disabilities and Carers Forum

The Trust's Patients with Disabilities and Carers Forum, acts as a critical friend to the Trust on improving outcomes for patients with additional needs and carers. The membership comprises patients, nursing staff, patient experience and external partners: Healthwatch, Berkshire Vision, Epilepsy Society and Carer Representatives. The Forum has played an important role in advising the Trust on the installation of Changing Places facilities at Heatherwood and Frimley Park Hospitals, the marking of notable dates about disability and the commissioning of a Trust-wide British Sign Language contract.

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
21 June 2022

Remuneration Report

Annual statement on remuneration

The Performance and Remuneration Committee (PRC) comprises three 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 2021-22, NHSE/I recommended a nil consolidated annual pay increase for Very Senior Managers (VSM) who fall outside of Agenda for Change terms and conditions, whilst recognising that trusts might use their discretion on exceptional non-consolidated awards so long as these did not exceed 2% of the VSM pay bill. The PRC considered the intense environment and impact of the pandemic and also the position of neighbouring and other trusts and decided to award a non-consolidated payment of 2% to VSMs in service as of 1 April 2021.

In November 2021 the PRC also carried out a full review of executive salaries using NHSE/I salary benchmarking data. It was decided that any subsequent salary adjustments would not take effect until the following financial year and accordingly these will be reported in the 2022-23 Remuneration Report.

For the financial year 2021-22, there were five 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, having approved updates to this policy in February 2021. The PRC terms of reference are reviewed annually.

Dawn Kenson
Senior Independent Director
21 June 2022

Audited Remuneration of Senior Managers 2021/22

		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	[4]Pension related benefits (bands of £2500) £000	Alternative Pension Scheme £000	[5]Total remuneration (bands of £5000) £000	Expenses £
Executive Directors									
Neil Dardis[6]	Chief Executive	210 – 215	0	0	0	0	25.75	240 – 245	0.00
Daniel Bradbury	Chief Operating Officer	155 – 160	0	0	0	35 – 37.5	0	195 – 200	0.00
Nigel Foster	Director of Finance	150 – 155	0	0	0	35 – 37.5	0	190 – 195	502.30
Tim Ho[7]	Medical Director	250 – 255	0	0	0	0	0	250 – 255	310.05
Caroline[8] **Hutton**	Director of Transformation, Innovation and Digital Services	140 – 145	0	0	0	0	0	140 – 145	0.00
Matt Joint[9]	Director of People	115 – 120	0	0	0	42.5 – 45	0	160 – 165	0.00
Eleanor[10] **Shingleton-Smith**	Acting HR Director	25 – 30	0	0	0	0	0	25 – 30	0.00
Lorna Wilkinson	Director of Nursing	140 – 145	0	0	0	75 – 77.5	0	215 – 220	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	15 – 20	0	0	0	0	0	15 – 20	0.00
Dawn Kenson	Non-Executive Director	10 – 15	0	0	0	0	0	10 –15	0.00
Mike O'Donovan	Non-Executive Director	15 – 20	0	0	0	0	0	15 – 20	462.50
Rob Pike[11]	Non-Executive Director	15 – 20	0	0	0	0	0	15 – 20	0.00
John Weaver	Non-Executive Director	10 – 15	0	0	0	0	0	10 – 15	0.00

[4] 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 as of 31 March 2022. The calculation complies with the regulator's reporting requirement and is not cash remuneration.
[5] Total remuneration in this column includes non-salary benefits relating to pension entitlements, as stated at 4 above.
[6] Neil Dardis opted out of the pension scheme with effect from 1 September 2018 and a payment is included within his remuneration for the alternative pension allowance for the year 21/22 as recorded.
[7] The figure represents total remuneration from the Trust. £173.5k of this relates to the Medical Director's clinical role.
[8] Caroline Hutton was on secondment with the Trust until 30.9.2021 and was appointed permanently from 1.10.2021.
[9] Employment commenced on 28 June 2021
[10] Acting HR Director role ended on 25 June 2021
[11] NED Appointment ended 31.1.2022

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	[12]Pension related benefits (bands of £2500) £000	Alternative pension scheme £000	[13]Total remuneration (bands of £5000) £000	Expenses £
Executive Directors									
Neil Dardis[14]	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[15]	Medical Director	245 – 250	0	0	0	75 – 77.5	0	320 – 325	308.05
Caroline[16] **Hutton**	Interim Director Transformation, Innovation & Digital Services	75 – 80	0	0	0	22.5 – 25	0	100 – 105	0.00
Janet King[17]	Director of HR & Corporate Services	355 – 360	0	0	0	0	0	355 – 360	510.00
Eleanor Shingleton-Smith[18]	Acting Director of HR	45 – 50	0	0	0	87.5 – 90	0	135 – 140	0.00
Lorna Wilkinson[19]	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

[12] 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 on 31 March 2021. The calculation complies with the regulator's reporting requirement and is not cash remuneration.

[13] Total remuneration in this column includes non-salary benefits relating to pension entitlements, as stated at 12.

[14] 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.

[15] The figure represents total remuneration from the Trust. £168.2k of this relates to the Medical Director's clinical role.

[16] Secondment commenced on 1 September 2020

[17] Janet King's pay includes a redundancy payment of £160k; payment of lieu of notice £85k and payment in lieu of annual leave £8k.

[18] Acting HR Director role commenced on 1 November 2020

[19] Employment commenced on 30 June 2020

Audited Pension Benefits of Senior Managers 2021-22

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 2021 (bands of £5,000) £000	Cash equivalent transfer value at 31 March 2022 £000	Cash equivalent transfer value at 31 March 2021 £000	Real increase in cash equivalent transfer value £000
Daniel Bradbury	Chief Operating Officer	2.5 – 5	15 – 20	254	211	20
Nigel Foster	Director of Finance	2.5 – 5	110 – 115	812	751	36
Tim Ho	Medical Director	0 – 2.5	265 – 270	1641	1575	18
Caroline Hutton	Director of Innovation, Transformation and Digital Services	15 – 17.5	95 – 100	538	567	38
Eleanor Shingleton-Smith	Acting HR Director	0 –2.5	10 – 15	699	142	4
Matt Joint	Director of People	2.5 – 5	10 – 15	189	275	29
Lorna Wilkinson	Director of Nursing	10 – 12.5	215 – 220	1236	1126	84

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 tiers 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 there were no payments made for loss of office.

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 and following approval by the Council of Governors, two 12 month non-executive director placements were provided by the Trust as part of 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 66 to 68 has been audited along with details on the median salary as a ratio of the highest paid director's remuneration on page 72. 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 Monitor 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 three times 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 and Pradip Patel.

The Director of People was invited to attend the committee to advise on the review of executive director remuneration.

Expenses

Information on the expenses claimed by directors and non-executive directors is included in the salary entitlements of senior managers 2021-22 on page 66. 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 Monitor NHS Foundation Trust Code of Governance and current best practice.
- Participate in the recruitment of non-executive directors (including the Chairman) in conjunction 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.

During the reporting year, an appointment panel was established by the Nominations Committee to recruit two non-executive director Board members. Three governors and members of the NERC were chosen to join the appointing panel and form a majority in the selection process. In accordance with The Foundation Trust Code of Governance, the council of governors has responsibility for the appointment of non-executive directors. On behalf of the Council, the NERC led on the assurance and robustness of the non-executive director recruitment process, including the decision to appoint Odgers Berndston to support the candidate search, before recommending the appointment of two candidates to the Council of Governors in February 2022.

The NERC is chaired by the Lead Governor and in the year ended 31 March 2022 met on three occasions. The Chairman, Senior Independent Director, Chief Executive, Director of People and other advisors may be invited to attend all or part of the NERC meeting.

NERC Members and Meeting Attendance Record

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

Non-executive directors' remuneration 2021-22

There were no changes to the non-executive directors' remuneration in 2021-22. All NED salaries are paid in accordance with the remuneration guidance for chairs and NEDs issued by NHS England and NHS Improvement in September 2019.

Fair pay disclosures (information subject to audit)

NHS foundation trusts are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce. The banded remuneration of the highest-paid director in the organisation in the financial year 2021-22 was between £250K-£255K (2020-21, between £245K - £250K). This is a change between years of 2.0%.

The highest paid director's remuneration is based on their total remuneration which includes salary, non-consolidated performance-related pay, benefits-in-kind, but not severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

For employees of the Trust as a whole, the range of salaried remuneration in 2021-22 was from £10-15K to £250K - £255K (2020-21, £10-15K to £245K - £250K).

The percentage change in average employee remuneration (based on total for all employees on an annualised basis divided by full time equivalent number of employees) between years is 7.2%. No employees received salary remuneration in excess of the highest-paid director in 2021-22. (2020-21, was also zero).

The remuneration of the employee at the 25th percentile, median and 75th percentile is set out below. The pay ratio shows the relationship between the total pay and benefits of the highest paid director (excluding pension benefits) and each point in the whole time equivalent salary point for the organisation's workforce.

2021/22	25th Percentile	Median	75th Percentile
Highest Paid Directors Renumeration	£252,500	£252,500	£252,500
Employee Salary (Annualised WTE Basis)	£20,330	£31,488	£40,057
Represented as a ratio	12.4	8.0	6.3

2020/21	Median
Highest Paid Directors Renumeration	£247,500
Median Salary (Annualised WTE Basis)	£26,970
Represented as a ratio	9.2

*Explanatory note for above:

- *The median and quartile pay calculations are based on the salary paid to staff in post on 31 March 2022 and average bank and agency staff for the 21/22 financial year*
- *The employee salary used to estimate the pay ratios are 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 of 31 March 2022 where no pay scale is used.*
- *Payments made in March 2022 to staff who were part-time were pro-rated to a whole time equivalent salary.*
- *The highest paid director is excluded from all calculations.*
- *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 higher ratios than in other organisations where significant support services are outsourced and not carried out by employees on the payroll.*

Neil Dardis
Chief Executive
21 June 2022

Staff report

Supporting our People is one of our strategic ambitions and recruiting and retaining good staff has remained a strategic priority throughout the year. Our recruitment and retention plans have been a particular focus during 2021-22 to ensure that adequate staffing resource was in place to meet the operational challenges from the ongoing pandemic and the rising demands in emergency care. Our resourcing plans also continue to support our commitment to improving the quality of care and to reduce our costs on agency staff and other temporary workers.

Workforce Statistics

The below tables record the substantive employee statistics and other key people metrics.

Key performance indicator	Total number (March 2019)	Percentage	Total number (March 2020)	Percentage	Total number (March (2021)	Percentage	Total number (March 2022)	Percentage
Total number of employees	9,490		9,935		10,394		10,362	
Male	2,099	22.12%	2,216	22.30%	2,366	22.76%	2,379	22.96%
Female	7,391	77.88%	7,719	77.70%	8,028	77.24%	7,977	76.98%
Directors	7		6		7	57.14%	7	
Male	4	57.10%	5	83.33%	4	57.14%	5	71.43%
Female	3	42.90%	1	16.67%	3	42.86%	2	28.57%
Other senior managers	34		38		34		32	
Male	14	41%	21	55.26%	12	35.29%	21	65.63%
Female	20	59%	17	44.74%	22	64.71%	11	34.38%

Key performance indicator	Total number (March 2019)	Percentage	Total number (March 2020)	Percentage	Total number (March (2021)	Percentage	Total number (March 2022)	Percentage
Staff in post – full-time equivalent (FTE)	8,444.00		8,821.00		9,319.41		9,301.02	
Staff in post – headcount	9,443		9,935		10,394		10,362	
Sickness absence rate		2.50%		3.50%		4.13%		3.90%
Vacancy rate		10.60%		8.70%		7.05%		9.11%
Turnover rate		14.00%		13.60%		11.64%		15.30%
Appraisal rate		75%		78%		71%		74%

Month	Medical Staffing: whole time equivalent posts	Medical Staffing: headcount
Apr-21	1,225.02	1298
May-21	1,230.84	1303
Jun-21	1,226.48	1299
Jul-21	1,204.01	1276
Aug-21	1,233.37	1306
Sep-21	1,243.82	1319
Oct-21	1,232.99	1308
Nov-21	1,242.52	1317
Dec-21	1,243.39	1318
Jan-22	1,244.40	1317
Feb-22	1,238.74	1309
Mar-22	1,242.31	1312

Average number of employees (wte)

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

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 Health'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.

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
- Leadership network events and summits
- Electronic newsletters and bulletins 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

Staff wellbeing

The pandemic has underlined how important our people are to the NHS and to the community and their wellbeing and development is fundamental to our success. We recognise the burden that the pandemic has had on our people in terms of exhaustion, stress and anxiety. Consequently, we have put a significant focus on supporting the health and wellbeing of our people to help them recover and feel supported, empowered and ready for future challenges.

In April and May 2021, the Trust set up a people recovery workstream and as part of this engaged with over 300 staff in order to learn lessons about what support had worked well and not so well during the pandemic and what could be done both to accelerate the development of a psychologically protective environment within the organisation in the coming months and years.

One of the key learnings from this engagement with staff was that there had been many offerings of support for the NHS during the pandemic but many staff said it was difficult to navigate the support appropriately, either for themselves or for their teams. In response, the Trust asked its well-being team and clinical psychologists to provide a one stop shop set of guidance on the psychological aspects of staff wellbeing support. From this important feedback The Wellbeing Compendium was developed.

The Wellbeing Compendium is a handbook that provides a clear resource and information to prioritise staff wellbeing needs. It is a guide to take care of ourselves, our teams and our people. It provides principles for people and systems to thrive and acts as a guide when staff may need to obtain support, or take care of themselves and others, and how to have wellbeing conversations.

The guide explores initiatives on offer across the Trust, with all relevant useful contacts details including our ICS Mental Health Resilience Hubs and national and local crises lines.

The delivery of the Compendium has been a launch pad for further collaboration with our ICS partners with whom there is now a monthly meeting to ensure appropriate staff support is available through training, teaching and away day events to ensure we are being proactive with our staff wellbeing needs.

Health and safety performance and occupational health

Throughout the pandemic regulatory authorities continued to check that suitable measures have been adopted to ensure statutory safety standards are maintained. The Trust underwent a full HSE inspection in December 2020, and our laboratories were inspected in November 2021.

Inspections were also undertaken of general adherence to COVID secure measures and cases of hospital acquired COVID infection. The inspectors commented that many good practices were observed and no formal action was taken.

'COVID secure risk assessments' were completed and verified for all locations where our staff work, and fire safety checks were carried out ensured at all new premises where our staff are based (e.g. the Voyager building in Farnborough and Heathlands at Bracknell). Our fire safety inspection programme for 2021 was completed ahead of schedule and in February 2022 the team was shortlisted for Fire Safety Team of the year for innovative practices. During the reporting year our manual handling team continued to supply new equipment, including specialist labour beds, equipment to assist patients who had fallen, slide sheets to assist movement of patients and specialist beds to help bariatric patients. Our pioneering use of specialist equipment and techniques, also featured in the national clinical back care magazine.

There is a constant need to rapidly employ staff within the health service. In 2021 the number of new employees requiring pre-employment triage by occupational health increased by 19.5% which was largely due to the pandemic. This trend continued in the last year with the total number increasing from 4324 to 4392. New staff are also required to receive training in a number of areas. Our mandatory training compliance remained exceptionally high in 2021-22, for example the clinical patient handling mandatory training rate was 98.4%.

Safety of all who work at Frimley Health or visit our hospital premises is paramount and any incident of violence and aggression incident is unacceptable. Although incidents related to violence and aggression are not a major problem within the Trust, last year a forum was established to specifically look at issues of violence and aggression. All members of staff who suffers from a physical assault will receive a letter from the Chief Executive and a weekly report of any such incidents is reported to the Senior Leadership Committee. This year we have also supplied 'Lone Worker Devices' to community staff and we are also trialling the use of body worn cameras in our emergency departments. Both devices appear to be successful tools in reducing violent incidents.

During the year the hospitals' smoke free site policy was reviewed and the Chief Executive signed the NHS Smokefree Pledge to demonstrate our commitment to help smokers to quit, to create a smoke free environment and to support the Government's ambition for England to be smoke free by 2030.

Equality Diversity and Inclusion

In the last year, Frimley Health published annual employment and service information, thereby demonstrating compliance with the Public Sector Equality Duty. Our statutory equality and diversity reports are available on the Trust's website.

Supporting disabled employees

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

- Actively 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 2022, Frimley Health received 1,014 applications for jobs from disabled applicants. Of these, 441 disabled applicants were shortlisted, and 62 disabled interviewees were appointed.

To encourage disabled applicants to apply for jobs, we 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 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. The forum is also 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.

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. EIAs 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.

During the year, the Trust trialled an assessment of its equality activity against the Equality Delivery System Goals of Culture and Inclusive Leadership and the overall grading assigned by the internal panel was “developing”. An action plan has been developed and will be reviewed by the grading panel later this year.

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 workforce equality indicators, including a specific indicator to address the low numbers of BAME board members across the organisation.

At Frimley Health, 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 83% 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. The Trust also exceeds the NHS average for BAME density at Board level.

The Trust continues to make positive progress on improving outcomes for BAME staff. For example, they are less likely to enter the disciplinary process than white staff and more likely to access continuing professional development training. In relation to recruitment, white staff are 1.2 times more likely than BAME staff to be appointed from shortlisting, which is an improvement from the previous two years.

Data from the 2021 NHS Staff Survey shows, when compared with the Acute average, more BAME staff felt there was career progression and less staff reported discrimination from other staff and harassment and abuse from other staff. However, the survey revealed a deterioration in grounds for 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 7, and 8b to 8d exceeds this figure.

The likelihood of non-disabled staff being appointed compared with disabled staff has fallen by 30% in favour of disabled staff. This is in keeping with a gradual increase year on year in the number of applicants with disabilities seeking employment with Frimley Health.

The 2021 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 more likely to report harassment and bullying, less likely to experience bullying and harassment from managers and other colleagues than the Acute average.

Experience at work shows a higher proportion of disabled staff are satisfied with the extent to which their work is valued and saying adequate adjustments are made, 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 staff representatives across all three networks.

The forums have played a key role in supporting the development of the Trust's Engagement Plan, marking cultural and diverse notable dates through webinars and celebrating different cuisines, reviewing the EMPOWER code of conduct to make inclusion an explicit requirement, developing a survey for staff who are carers to capture their workplace experiences and advising on the content of webinars during Black History Month and LGBT+ History month.

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. Reverse Mentoring is a requirement of the Trust's senior leadership development programmes. Volunteer mentors were selected from all nine protected characteristics to enable the intersectionality of protected characteristics to be explored as well as the impact of rapidly changing demographics such as age and hidden disability. The Trust's Reverse Mentoring Programme very much supports our diversity and inclusion awareness and informs our learning objectives.

Next Steps – Shaping the Future

The Trust is committed to building inclusive cultures and the next steps at Frimley will include:

- Developing a leadership culture underpinned by inclusion which fosters a culture of inclusivity and understanding
- Launching approaches to career progression for staff to harness the learning from successes already achieved, and 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
- Ensuring employment policies, practices and systems are inclusive and responsive to the diverse needs of staff

National Staff Survey 2021

Background

The Picker 2021 staff survey was open to staff for eight weeks from September to November 2021. Much the same as last year, we aimed to launch the survey in a way which responded to the pressures of Omicron modelling data at the time, combined with the anticipated winter pressures and the implementation work associated with the electronic patient record (EPR). Our final response rate for the survey was 56%, a 1% decrease from last year, and 4% higher than the average response rate for similar organisations.

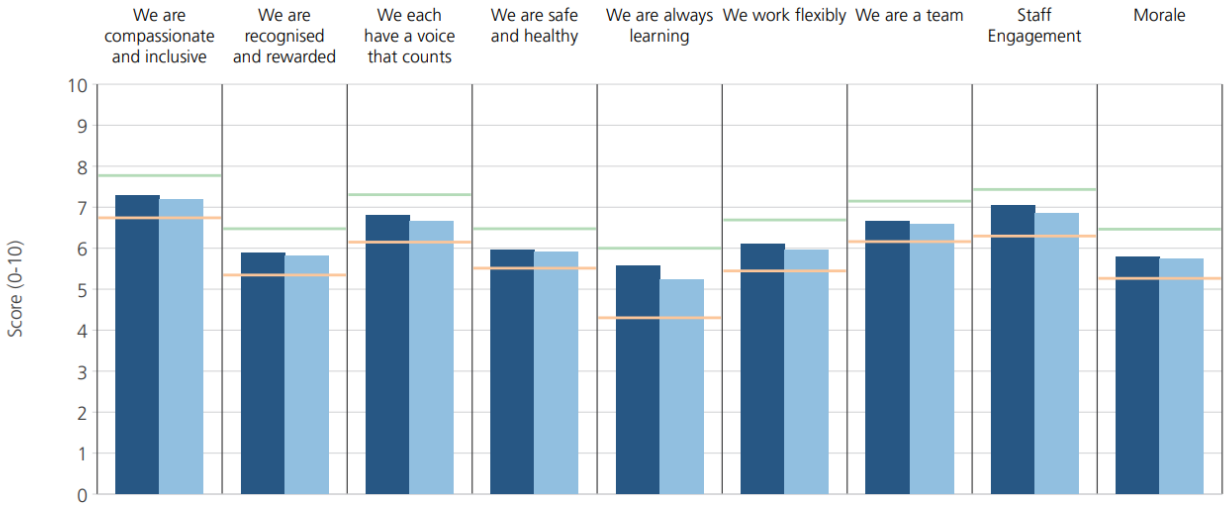
Organisational Context and Climate

Autumn 2021 saw yet again unprecedented operational pressures as our workforce was impacted by the ongoing pandemic and high levels of patient flow through our urgent and emergency care pathways. Levels of absence due to isolation restrictions amid the more infectious Omicron variant also placed significant burden on our workforce. We believe this context is reflected in the Trust's 2021 staff survey results and is very much mirrored across the national benchmarking of the staff survey.

Results Overview

For the 2021 survey the questions in the NHS Staff Survey were aligned to the NHS People Promise. This sets out, in the words of NHS staff, the things that would most improve their working experience, and is made up of seven elements. In support of this, the results of the NHS Staff Survey are now measured against the seven People Promise elements and against two of the themes reported in previous years (Staff Engagement and Morale).

The below table provides an overview of our results in comparison with the best, average and worse provider organisations. Our staff survey responses reflected a very challenging work environment for staff and much like the organisations we are benchmarked against, we saw some overall decreases across our scores compared to previous years when we have been able to make incremental improvements.



Best	7.8	6.5	7.3	6.5	6.0	6.7	7.1	7.4	6.5
Your org	7.3	5.9	6.8	6.0	5.6	6.1	6.7	7.0	5.8
Average	7.2	5.8	6.7	5.9	5.2	5.9	6.6	6.8	5.7
Worst	6.7	5.3	6.1	5.5	4.3	5.4	6.2	6.3	5.3
Responses	5,459	5,559	5,358	5,402	5,137	5,503	5,479	5,562	5,551

Top scores

The top scores against which we measured higher than comparative Trusts included:

- If a friend or relative needed treatment I would be happy with the standard of care provided by the organisation
- Appraisal helped me to agree clear objectives and improve how I do my job
- Teams within the organisation work well together to achieve objectives
- I often/always look forward to going to work

Most improved scores

Areas where we made the most improvement include:

- The proactive reporting of bullying/harassment or abuse
- Reduced experience of physical violence from patients/service users, their relatives or members of the public
- Being asked for my opinion about decision affecting my work
- Opportunities to show initiative in my role

Future priorities and targets

In response to the 2021 survey insights, our intended areas of focus at a corporate level, in readiness for the 2022 staff survey will be:

- Equality, diversity and inclusion (recognising potential for development and progression)
- Further improving our people's safety (discrimination/harassment/bullying/physical violence)
- Continuing our wellbeing investment

Action plans to move each of these priorities forward will be agreed at corporate, directorate and team levels with subject matter experts providing insights and guidance.

Our People Strategy will also reflect the ambition to increase opportunities for staff to 'Make Your Voice Count?' and introduce teams to the practice of holding regular 'What Matters to You?' conversations so that local issues and opportunities are being dealt with in real time.

We are increasing the opportunities for staff to tell us about their experience by introducing the National Quarterly Pulse Survey with local questions focussed on engagement and continuing with our Executive Listening events introduced in 2021 to give staff direct access to our senior Executive team to raise and discuss issues of interest or concern.

Countering fraud and corruption

The Trust has put arrangements in place to counter fraud and corruption by implementing the below four-stage approach which was developed by NHS Counter Fraud Authority (NHSCFA), the lead organisation responsible for identifying and tackling crime in the NHS.

1. Inform and Involve
2. Prevent and Deter
3. Hold to Account
4. Strategic Governance

The Trust has an Anti-Fraud and Corruption Policy that sets out the Trust's approach to all forms of fraud or suspected fraud or corruption. The policy provides a framework for responding to suspicions of fraud, advice and information on various aspects of fraud and implications of an investigation.

The Trust encourages anyone having reasonable suspicions of fraud to report them. The Trust's policy, is that no individual will suffer any detrimental treatment as a result of reporting reasonably held suspicions within the statutory protection provided under the Public Interest Disclosure Act 1998.

Gender Pay Reporting

The gender pay gap is defined as the difference between the average (mean or median) earnings of men and women across a workforce.

The Trust continues to make 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 thirteen percent increase in the percentage of women at Band 8d.

Over the last two years, there have been some variations in the Gender Pay Gap reporting, with the average hourly pay increasing steadily, in favour of men. However there has now been a 3% improvement in the mean pay gap, in favour of women. The awarding of bonus payments (Clinical Excellence Awards) remains unchanged.

Trade Union Facility Time

The Trust has 22 trade union officials and during the year the total cost of facilities time was £40,889.55. The percentage of time spent on facility time was 3.6% and the percentage of paid facility time spent on paid trade union activities was 1.06%.

Expenditure on consultancy and exit packages

Between 1st April 2021 and 31st March 2022, the Trust spent £4,811 on consultancy costs. Exit packages amounted to £61k for the year and this amount is included within total staff costs below.

Total staff costs

Total staff costs for the year 2021-22 amounted to £551.115m

Off payroll engagements

As of 31 March 2022, 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 2022 the Trust complied with all the provisions of the Code as set out in the NHS Improvement Annual Reporting Manual 2021-22.

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	33 and 53
A.1.2	Directors Report and Board Committees	33 and 45
A.5.3	Council of Governors	52 and 53
Additional requirement	Council of Governors	55
B.1.1	Board Composition	33-42
B.1.4	Board Composition and Directors' Evaluation	33 and 51
Additional requirement	Board Composition	33-42
B.2.10	Nomination Committee	48-49
Additional requirement	Governor Nominations Committee	70
B.3.1	Chairman's biography	33
B.5.6	Foundation Trust Membership	57
Additional requirement	Not applicable	N/A
B.6.1/B.6.2	Directors' Evaluation and Well-led Framework	51 and 63
C.1.1	Statement of Accounting Officer's Responsibilities	86
C.2.1	Annual Governance Statement	88
C.2.2	Audit Committee (internal audit)	46
C.3.5	Not applicable – Accepted by the Council	N/A
C.3.9	Audit Committee	45
D.1.3	Remuneration Report	65
E.1.4	Contacting the Board/Contacting the Governors	44 and 61
E.1.5	Council of Governors	54
E.1.6	Foundation Trust Membership	58
Additional requirement	Membership Strategy	58
Additional requirement	Register of Directors'/Governors' Interests	44 and 56

NHS Oversight Framework

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

- quality of care, access and outcomes
- preventing ill health and reducing inequalities
- finance and use of resources
- people
- leadership and capability

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 England and 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
21 June 2022

ANNUAL GOVERNANCE STATEMENT 2021-2022

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 confirms 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 January 2021 our strategy was reviewed 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 2022, 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's Risk Management Strategy was reviewed by the Board to ensure there is a robust risk management system which 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 and within the agreed risk appetite limits. The Risk Management Strategy provides a framework for taking this forward through a comprehensive system of internal controls which are described in section 4.0. 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, heads of nursing, 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 support 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 provides assurance to the Board on the robustness of the overarching framework of governance, risk and control to ensure that the Trust operates effectively and meets its statutory and strategic objectives.
- The Quality Assurance Committee (QAC) provides assurance to the Board that there are robust controls across the clinical activities of the organisation to ensure safe and high quality care is delivered to the patients using the services provided by the Trust.
- The Finance & Investment Committee (FIC) is responsible for scrutinising all aspects of financial performance on behalf of the Board and provides financial assurance regarding proposed capital and revenue decisions, major business cases and the delivery of benefits realisation.
- The People Committee provides assurance to the Board on all aspects of workforce and organisational development (OD) that supports the provision of patient-centred care. The People Committee ensures the Trust fulfils its statutory people related duties and has oversight of the delivery of the national and the Board's approved workforce objectives.
- The Senior Leadership Committee (SLC) is the principal leadership team for the Trust. The SLC is responsible for ensuring that the Risk Management Strategy is implemented and there are systems in place to comply with legislation, mandatory NHS standards and delivery of the Trust's strategic objectives. The SLC and Board of Directors ensure that business decisions and priorities consider high-risk factors and where appropriate, formal risk management and equality impact assessments.

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 receive assurance that clinical risk is properly identified and managed, the NEDs usually take part in a programme of Quality Assurance Walkabouts. Due to the ongoing 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, 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's 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 (IAAs) and Information Asset Administrators (IAAs).

The Director of Finance attends the Trust's Audit Committee and is the executive lead with internal and external audit, regarding the programmes of audit which are identified using 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. He also has executive leadership for sustainability and is responsible 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 facilities management (Soft FM).

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 Register, and is accountable for ensuring there is a robust system in place for monitoring compliance with the Care Quality Commission regulations.

3.1.5 Medical Director

The Medical Director is the executive lead for clinical effectiveness and outcomes and holds shared accountability with the Chief of Nursing & Midwifery in setting and delivering quality ambitions and standards. 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 and has responsibility for strategy development to ensure the Trust's plans are clinically led and aligned with the work within the Frimley Health and Care ICS.

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 for making sure it is used properly.

As the Responsible Officer, the Medical Director is the Trust's senior clinician whose role is to uphold professional standards through the evaluation of doctors' fitness to practise. 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 through quality impact assessments and do not negatively impact on the quality of care.

3.1.6 Director of People

The Director of People has statutory compliance and regulatory responsibility for the HR & OD Function, leadership development and talent management, equality, diversity and inclusion, pay and reward, training and staff wellbeing and engagement.

The Director of People has a number of risk management responsibilities in relation to health and safety, including occupational health, and compliance with the public sector in respect of equality and diversity in the employment of staff.

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 of People ensures that there are established processes to manage employee concerns and that there is a Freedom to Speak up Guardian to support workers to speak up when they feel that they are unable to do so by other routes.

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. The Director is responsible for cyber security, including compliance with the Data Security and Protection Toolkit, the security of patient records and IT disaster recovery arrangements.

The Director leads the development and delivery of the transformational change programmes, 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
- 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 subject to regular review and sets out the organisation's approach to risk management. All executive directors, chiefs of service, associate directors, heads of nursing and heads of service have risk management responsibilities and are encouraged to lead with a strong risk management approach in all aspects of the Trust's activities.

Managers at all levels of the organisation are responsible for managing risks at a local level and for developing an environment where staff are encouraged to identify and report risk issues proactively. Each directorate maintains a risk register and key risks are assessed, with the most significant recorded in the Corporate Risk Register which is regularly reviewed by the SLC and the Board committees.

There is a clear expectation that managers and 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 the specific incidents reported and following investigations recommendations 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 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. Clinical staff receive a mandatory annual risk and patient safety update training on incident reporting, responding to incidents, risk assessment processes and key patient safety topics.

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 to communicate the 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 (RMS) which was reviewed during the reporting year. The purpose of the document is to clearly describe the structure and strategy for the development of risk management and governance within the Trust until 2025. It defines the risk management roles and responsibilities of staff within the Trust and the reporting relationships of the key committees with responsibility for the management of risk. The RMS is designed to work alongside our five-year strategy to help us manage the strategic and operational risks to successfully achieve our annual corporate objectives and strategic ambitions in the longer term.

The Trust is dedicated to establishing an organisational philosophy that ensures risk management is an integral part of corporate objectives, business plans and management systems. Compliance with legislative requirements is only a minimum standard. The specific function of risk management is to identify and manage risks that threaten the ability of the Trust to improve the quality of care, and to provide a safe environment for the benefit of patients, staff and visitors.

The RMS 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. It 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 RMS confirms which risks need to be escalated to the next management level and describes the risk escalation and scoring process. 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 reviewed its risk appetite levels in relation to the strategic ambitions and 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 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 registers.

The Trust's Corporate Risk Register provides a Trust-wide record of all the extremely high, high and moderately graded operational risks in the Trust. The Register is informed by a number of key areas:

- Trust strategic goals and key quality corporate and directorate objectives
- Business planning process
- Speciality/directorate risk assessments and risk registers that have been escalated via governance routes
- Risks identified from incident reporting
- Directorate Performance Reviews
- Outcome of external assessment and/or inspection
- Feedback from patients and stakeholders

The Register's content was revised during the year to ensure that it reflected all types of operational risk and it provided information about the current control measures and assurances in place, and action plans for reducing risks. The Register identifies:

- Source of the risk
- Description and risk score
- Controls and actions in place
- Residual risk rating
- Date of Review
- Assurance Committee

The Corporate Risk Register is reviewed on a monthly basis by the Executive Directors to ensure that the document is updated and reflects the latest risk information and remedial action. Local risk registers are reviewed monthly at directorate or departmental level and at Directorate Performance Reviews. 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.

All risks are escalated to the Senior Leadership Committee as required for executive oversight and management of the most significant risks. During the year the Board committee chairs reviewed the corporate risks and allocated them to the relevant committee for oversight and assurance. In this way non-executive directors have regular oversight of significant operational risks and where necessary, the committee chair may escalate to the Audit Committee or the Board.

Quality Governance Arrangements

The Care Governance Committee is responsible for providing assurance to the Senior Leadership Committee (SLC) and Quality Assurance Committee (QAC) with evidence on all aspects of quality of clinical care; clinical governance and risk; research and 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 Committee also supports delivery of all aspects of quality of clinical care in accordance with the Frimley Health Foundation Trust strategic ambitions.

A culture of continuous quality improvement 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 standards is included in the Trust-wide Quality and Performance report which is subject to review by the relevant committees and ultimately by the Board. During 2021/22, the Board continued to receive regular performance information on key quality indicators including patient safety, patient experience and clinical effectiveness.

Our Future FHFT: Our 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 late 2021 as part of an ongoing agile approach where the environment and priorities are 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 all of whom have helped us to develop our key strategic ambitions and objectives at directorate, team and individual level. Such an approach will ensure 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) brings together in one place all of the relevant information on the risks which may threaten the achievement of the Board's strategic objectives. It enables the Board to:

a) Identify the immediate and longer term threats that may impede the successful delivery of the Trust's strategic goals;

b) Receive assurance that the risks are being managed appropriately and the risk controls are effective;

c) Challenge gaps in assurance and ensure that remedial actions are taken to strengthen controls and assurances;

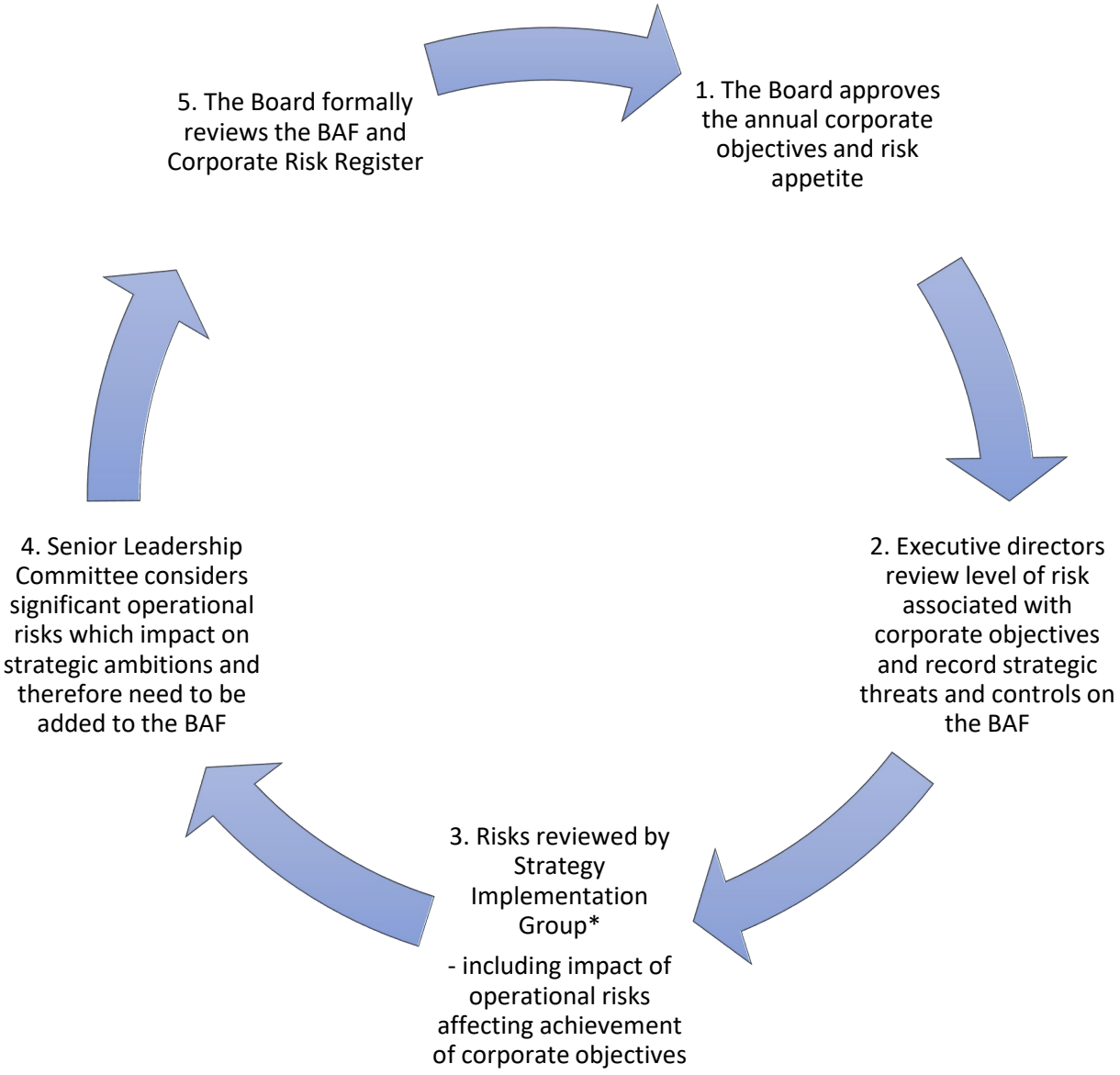
d) Focus on the severity of the risk and the appropriate mitigating actions;

e) Review the strategic priorities and risk appetite level; and

f) Consider potential threats and opportunities when setting the strategic direction of the organisation.

The BAF is the main mechanism for helping the Board to assess its resilience, avoid any pitfalls and secure a sustainable future for the organisation. The BAF is aligned with the Trust's Corporate Risk Register and the documents are considered alternately by the Board at public meetings. The Company Secretary is responsible for ensuring that the BAF is regularly reviewed and updated by Lead Executives. The BAF risk process is described below.

Board Assurance Framework Risk Process



*The Strategy Implementation Group is responsible for ensuring the delivery of the Trust's strategy and is accountable to the Senior Leadership Committee.

4.2 Key risks identified in 2021/22

During 2021-22 the principal risks associated with the strategic ambitions were:

- *Improving Quality for Patients:* protecting patients from avoidable harm, poor clinical outcomes and negative patient experience.
- *Supporting our People:* growing and developing the organisation's workforce through robust recruitment and retention plans to attract and retain staff.

- *Collaborating with our Partners:* ensuring that the ICS model delivers system wide service transformation of patient services for optimal capacity and flow, that enables the Trust to manage demand and achieve quality and performance targets.

- *Transforming our Services:* ensuring that system partners and stakeholders were engaged and supportive of our transformation plans and there was clinical engagement to deliver a consistent 'One Frimley Health' approach across the Trust.

- *Making our Money Work:* ensuring costs were adequately controlled and efficiency savings identified, to achieve the agreed financial trajectories set by NHSI.

- *Advancing our Digital Capability:* ensuring the Trust delivers its digital objectives and advances its digital capability to deliver the Trust-wide, 'One Frimley Health' integration of patient information.

Operational Risks

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

- Access to care: Longer waits for diagnosis and treatment
- Patient demand: Significant increase in urgent care attendances and elective waiting lists
- COVID-19: Infection control and reduced bed capacity
- People: Impact of COVID-19 on retention and staff health and wellbeing
- Workforce: Availability of trained nurses, midwives and other medical staff
- Finance: Changes to financial and contractual frameworks and requirement to deliver efficiency savings
- Estates and Infrastructure: Maintenance of estate, including the management of risk associated with RAAC plank structures at Frimley Park Hospital
- Cyber Security: Risk of cyber-attack on Trust IT systems, leading to major disruption and the availability of essential patient information
- Transformation Programmes: Cumulative impact of major transformation programmes running in the Trust

A number of the risks described in 2021/22 will continue to be risks in 2022/23, in particular, the uncertainty around the future impact of the COVID-19 pandemic on public health, increasing patient demand, the recovery of elective waiting times, the delivery of the financial targets and efficiency savings and the ability to recruit and retain staff.

4.3 Cyber Security

The Trust continues to work closely with NHS Digital to meet the compliance requirements of the Data Security and Protection Toolkit 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 and build user awareness of cyber threats. Devices continue to have vendor patches applied, ensuring we have the latest protection from emerging threats and employ technologies that enable us the ability to identify threats and breaches of security during times of heightened alert.

The Digital Services Strategy has delivered a more secure remote access solution to enable the Trust's workforce to work remotely during the pandemic and it continues to support new ways of working. The Trust continues to invest in IT solutions to ensure we have a secure platform to deliver on our wider strategic ambition to be one of the top 10 most digitally advanced trusts in the country. These investments include the replacement of all Trust Firewalls, Cloud Hosted Data Centres, Wireless (Wi-Fi), an Immutable (more secure and robust) Backup of Trust Data, and a new IP Telephony and Bleep system. These investments will continue to ensure that technology enables the success of a single electronic patient record system (EPR) in June 2022, and thereafter we continue to embrace future 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, and a number of regional networks and other health related structures. The Frimley Health and Care Integrated Care System (ICS) has a diverse population of around 800,000 people in East Berkshire, North East Hampshire, Farnham and Surrey Heath. The Frimley ICS boundary was approved by the Secretary of State in July 2021 to go forward as a statutory ICS in line with the new legislation planned for summer 2022 and this boundary closely matches the catchment area of the Trust.

There is a strong collaborative partnership across the ICS to work closely with the local community to provide coherent and effective services. The Chief Executive is a member of 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 Council of Governors' Community and Engagement Group and Patient Experience and Involvement Group enable governors to influence and develop patient and public involvement.

- During the year virtual meetings, hosted by the public governors, were held to provide updates to Foundation Trust members about developments in the Trust.

The Trust has a wide range of formal and informal ways for patients and the public to share their views and concerns about both individual care and services. Patients and relatives can provide formal feedback via the Friends and Family Test, patient surveys, complaints, PALS, and online through a feedback form on the Trust's website or NHS choices, and Care Opinion.

Informal feedback is often sent through the Trust's social media channels and can be given directly to our wards and department clinical leaders. The Trust uses a "You Said, We Did" approach to display actions from the feedback.

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. These include:

- 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.

During 2021/22 the COVID-19 pandemic continued to impact significantly on the operational nursing workforce requirements within the Trust. In response to the NHSE/I document: *Winter 2021 preparedness: Nursing and Midwifery Safer Staffing* published in November 2021, the Board received an additional assurance report in January 2022 to confirm that robust safeguards and controls were in place to plan and manage safer staffing at a time of increased challenge. The Board also reviewed the organisation's risk appetite in relation to quality and workforce risks in order to be clear on the tolerances the Board was willing to accept. The Board agreed that no changes needed to be made to the Risk Appetite Statement approved in July 2021.

There is a requirement to undertake a systematic ward staffing establishment review each year, triangulating staffing, quality, and financial indicators with professional judgement.

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 April 2021, the CQC carried out an unannounced focused inspection of the acute services provided by the Trust to look at infection prevention and control. The inspection was in response to the CQC's continual checks on the safety and quality of health care services and data which showed the Trust had experienced an increase in hospital acquired healthcare infections such as Methicillin Resistant Staphylococcus aureus (MRSA), and the rate of COVID-19 infections had risen.

The CQC report, published in June 2021, concluded that colleagues felt respected and valued, could raise concerns without fear and were committed to continually improving services. They found that teams had the skills and abilities to manage infection control effectively, governance was good, and everyone was clear about their roles in preventing infection. They also found that staff were committed to learning and improvement and that the Trust's vision and strategy supported excellent infection control practice in the longer term.

Although the CQC found no breaches in regulations during their inspection, two areas were identified for improvement:

a) Ensuring maximum room occupancy rates are understood by everyone, and
b) Replacing sink splashbacks that were found to be damaged.

As this was an inspection of infection prevention and control procedures at the Trust, the CQC did not rate the service at this inspection, and the previous ratings remain.

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 (RA) (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, people, financial sustainability, internal control and assurance arrangements. The Board of Directors receives regular assurance reports from its sub committees and their effectiveness is reviewed on an annual basis. Further information on the work of the Board sub-committees is described in the Directors’ Report from page 33.

Well-led Framework

In 2019 the Trust received a ‘good’ rating following the CQC’s well-led inspection. The Trust is guided by the NHSI well-led framework guidance which recommends that providers carry out externally facilitated, developmental reviews of their leadership and governance using the well-led framework every three to five years.

The intention is to begin the external review process of our well-led capability in early 2023. 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

The Trust implemented a revised Standards of Business Conduct Policy in 2020 to reflect the *Managing Conflicts of Interest in the NHS guidance.* The Trust has published up-to-date register of interests for decision-making staff, including gifts and hospitality, and the Company Secretary continues to review internal processes to ensure compliance with the statutory guidance for all staff.

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 plans in place which take account of the 'Delivering a Net Zero Health Service' report under the Greener NHS programme. A detailed report is included in the performance section on page 28. 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

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 Finance and Investment Committee regularly reviews financial performance and is the approving authority for all major investments.

The last CQC/NHSI use of resources assessment concluded that the Trust was rated good for use of resources. In 2020/21 an extended external audit value for money (VfM) review concluded 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.

The Trust compares favourably on its total cost per weighted activity unit (WAU) against national benchmarks. Recent comparisons are obviously difficult due to the pandemic, and the differential impact of COVID across the county will impact on national benchmarking for some time. However, our systems and processes have not changed and have been maintained during the pandemic period.

The Trust is part of the Frimley Health and Care Integrated Care System (ICS) which operates under the principle of "one system – one budget". This means the Trust's expenditure for 2021/22 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 has healthy cash reserves and can 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 June 2021; the Trust completed the submission with a rating of 'Approaching Standards' 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 2022.

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 2 SUIs involving personal data in 2021-22, in line with the Guidance to the Notification of Data Security and Protection Incidents by NHS Digital. A summary of SUIs and data-related incidents reported during the year is shown below.

Summary of Serious Incidents Requiring Investigations Involving Personal Data Reported to the Information Commissioners Office in 2021-2022

Month of Incident	Nature of Incident	Nature of Data Involved	Number of Data Subjects Potentially Affected	Notification Steps
Sep-21	Staff member disposing of patient notes prior to them being scanned into the patient record.	Patient confidential information	280	ICO, NHS Digital DSPT
Mar-21	Staff members accessing records of patient that was not involved in their care.	Patient confidential information	1	ICO, NHS Digital DSPT

7.0 Data Quality and Governance

As an organisation Frimley NHS 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 development of the NHS Digital Data Quality Framework is supported at executive level via the Senior Leadership Committee (SLC). A data quality video, led by the Director of Finance, has been developed to cascade the data quality message, especially in light of the Epic EPR project and the importance of high quality data.

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, heads of nursing 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. All data and information within the Quality Report is reviewed through this committee.

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. The CEO report to the Board of Directors has been adapted to include a strategy scorecard to support the key strategic objectives, and a performance scorecard to monitor key performance indicators. Statistical Process Control (SPC) methodology has been expanded and SPC charts and analysis are included to provide a clear visual overview of variation in performance and Board assurance in relation to NHS targets. The overall aim is highlight to the Board significant changes in performance instead of the fluctuations that arise from seasonal variations. These are supported by exception reports where required and a suite of benchmarking information.

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 been risk stratified against the recommended Royal College of Surgeons guidance.

COVID-19

The continuation of the COVID-19 pandemic in the new reporting 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 ongoing coronavirus outbreaks. Although meetings in person were once again restricted 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 Omicron wave to update non-executive directors and governors on the Trust's response to the national level 4 incident.

To address the risks and challenges arising from the ongoing impact of COVID-19 we adjusted our governance arrangements to provide assurance. The specific actions were:

a) Established bronze, silver, gold and platinum command and control frameworks in December 2021 in response to the Omicron variant and other winter pressures.
b) Oversight of the COVID specific risk register to mitigate and manage the risks
c) Active management of elective waiting lists to clinically prioritise patients requiring urgent investigation and treatment
d) Increased visibility of senior management team across the acute sites and walkabouts
e) Daily briefings with system colleagues to gain community and primary care support to manage bed capacity and patient demand for emergency care services
f) Executive level relationships across integrated care systems (ICS) for mutual aid and support and benchmarking of actions
g) Twice daily staffing huddles chaired by a Head of Nursing to monitor safe staffing levels
h) Daily and weekly quality dashboard assessments with specific daily actions in relation to nosocomial infections. Quality actions were benchmarked against other ICSs
i) Increased health and wellbeing support 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 significant change in operational 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 Quality Assurance 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 Register. 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.

- An internal audit of Risk Management confirmed a substantial assurance for design and a moderate level of assurance for effectiveness.
- 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 Account
- Internal monitoring arrangements such as the quality, finance, 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. This is supported by:

- 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 2021/2022. 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:

- CQC inspection of infection prevention and control in acute services, April 2021
- UNICEF Baby Friendly Initiative Stage 2 Wexham Park Hospital, April 2021
- UKAS Biochemistry Frimley, July 2021
- UKAS Haematology / Blood Transfusion Frimley, July 2021
- UKAS Histology Wexham, November 2021
- UKAS Microbiology Frimley, December 2021
- NHS England National Reporting and Learning System Report, September 2021
- HSE inspection: Category 3 facility in Microbiology at FPH, November 2021
- Wexham Park Cardiology Accreditation from British Society of Echocardiography, February 2022
- Frimley Health Accreditation as a BSGE Endometriosis Centre, March 2022
- Results of the 2021 National Staff Survey with 63% of staff recommending the Trust as a good place to work
- Three clinically led GIRFT peer reviews during 21/22, led by the national GIRFT team, and with an overall assessment with the national lead for GIRFT.
- SW London and Surrey Trauma Network assurance reviews
- NHS England assurance of Trust's compliance with the Ockenden Report recommendations
- External investigation of all maternity cases that fulfil the HSIB criteria
- 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
21 June 2022

Annual Accounts 2021-22

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 2022 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 2022 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 2021/22.

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 Trust 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 above conclusions are 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, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Assessing the incentives for management to manipulate reported financial performance because 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 throughout 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 income outside of the Trust's block contract funding is accounted for in the incorrect financial 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 with specific comments and self-approved journals
- 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 and deferred income 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 2022 to determine whether amounts have been recorded in the correct period.

Identifying and responding to risks of material misstatement related 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 the National Health Service Act 2006 and 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.
- in our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements.
- in our opinion that report has been prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2021/22.

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 2021/22. 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 2021/22.

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 86, 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 its 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 its use of resources.

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

We have undertaken our review in accordance with the Code of Audit Practice 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 issued by the Comptroller and Auditor General ('the Code of Audit Practice') to report to you if we refer a matter to the relevant

NHS regulatory body under paragraph 6 of Schedule 10 of the National Health Service Act 2006 because we have reason to believe that the Trust, or a director or officer of the Trust, is about to make, or has made, a decision which involves or would involve the Trust incurring unlawful expenditure, or is about to take, or has taken, a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.

We have nothing to report in this respect.

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

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006 and the terms of our engagement by the 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 2022 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

22 June 2022

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: 21 June 2022

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	NOTE		2021/22 £000		2020/21 £000
Operating income from patient care activities	2		**831,630**		721,410
Other operating income			**73,343**		114,801
Operating expenses	3-4		**(927,301)**		(829,778)
Net operating (deficit)/surplus from continuing operations			**(22,328)**		6,433
Finance costs					
Finance income		**90**		0	
Finance expenses - financial liabilities	5	**(666)**		(748)	
(Loss) on disposal of asset		**(105)**		(148)	
Public Dividend Capital dividends payable		**(12,162)**		(9,812)	
Net finance costs			**(12,843)**		(10,708)
(DEFICIT) FOR THE YEAR			**(35,171)**		(4,275)
Other comprehensive income/expense					
Will not be reclassified to income and expense:					
Revaluation gain on property, plant and equipment	8		**12,209**		0
Impairment loss on property, plant and equipment	8		**(1,758)**		(4,328)
TOTAL COMPREHENSIVE (EXPENSE) FOR THE YEAR			**(24,720)**		(8,603)

The following notes 1 to 20 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2022

	NOTE	31 March 2022 £000	31 March 2021 £000
Non-current assets			
Intangible assets	7	**52,011**	25,483
Property, plant and equipment	8	**462,218**	455,986
Trade and other receivables	10	**1,328**	145
Total non-current assets		**515,557**	481,614
Current assets			
Inventories	9	**14,057**	9,945
Trade and other receivables	10	**49,771**	45,222
Cash and cash equivalents	14	**195,682**	195,758
Total current assets		**259,510**	250,925
Current liabilities			
Trade and other payables	11.1	**(127,925)**	(91,012)
Tax payable	11.1	**(11,297)**	(10,874)
Other financial liabilities	11.2	**(8,249)**	(8,386)
Other liabilities	11.4	**(28,614)**	(22,852)
Provisions for liabilities and charges	12	**(211)**	(327)
Total current liabilities		**(176,296)**	(133,451)
Total assets less current liabilities		**598,771**	599,088
Non current liabilities			
Other financial liabilities	11.3	**(36,596)**	(44,525)
Provisions for liabilities and charges	12	**(2,305)**	(981)
TOTAL ASSETS EMPLOYED		**559,870**	553,582
FINANCED BY:			
TAXPAYERS' EQUITY			
Public dividend capital		**370,286**	339,278
Revaluation reserve		**92,272**	81,821
Income and Expenditure Reserve		**97,312**	132,483
TOTAL TAXPAYERS' EQUITY		**559,870**	553,582

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 21 June 2022

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 March 2022

	2021/22 £000	2020/21 £000
Cash flows from operating activities		
Operating (deficit)/surplus	**(22,328)**	6,433
Depreciation and amortisation	**26,342**	27,151
Impairments	**39,838**	3,785
Income recognised in respect of capital donations	**(63)**	(1,383)
(Increase)/Decrease in Inventories	**(4,112)**	1,399
(increase)/Decrease in Trade and other receivables	**(7,703)**	30,152
Increase in Trade and other payables	**29,175**	22,968
Increase in Provisions	**1,208**	619
Net cash generated from operating activities	**62,357**	91,124
Cash flows from investing activities		
Interest received	**90**	0
Purchase of intangible assets	**(27,162)**	(9,183)
Purchase of Property, Plant and Equipment	**(47,591)**	(76,043)
Receipt of cash donations to purchase capital assets	**0**	31
Net cash used in investing activities	**(74,663)**	(85,195)
Cash flows from financing activities		
Public dividend capital received	**31,008**	17,455
Movement in loans from DHSC	**(6,840)**	(6,840)
Interest on DHSCC loans	**(635)**	(707)
Other interest	**(1)**	0
Movement in other loans	**(991)**	(1,009)
PDC dividend paid	**(10,046)**	(10,316)
Capital element of finance lease rental payments	**(210)**	(210)
Interest element of finance leases	**(55)**	(68)
Net cash generated from financing activities/(used in financing activities)	**12,230**	(1,695)
(Decrease)/Increase in cash and cash equivalents	**(76)**	4,234
Cash and cash equivalents at 1 April	**195,758**	191,525
Cash and cash equivalents at 31 March	**195,682**	195,758

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2022

	Total	Revaluation Reserve	Income and Expenditure Reserve	Public Dividend Capital
	£000	£000	£000	£000
Taxpayers' equity as at 1 April 2021	553,582	81,821	132,483	339,278
Deficit for the year	(35,171)	0	(35,171)	0
Impairment loss on property, plant and equipment	(1,758)	(1,758)	0	0
Revaluations - property, plant and equipment	12,209	12,209		
Public dividend capital received	31,008	0	0	31,008
As at 31 March 2022	**559,870**	**92,272**	**97,312**	**370,286**

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	544,730	86,149	136,758	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	**553,582**	**81,821**	**132,483**	**339,278**

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 2021/22 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

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. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case.

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

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

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

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 Pensions 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 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. Both Government grants and donations are recognised in accordance with IAS20.

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

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 2022, is based on valuation data as at 31 March 2021, updated to 31 March 2022 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

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

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:

1.6 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 2022 of all properties held by the Trust which qualify as non-current assets. This included the Frimley Park Hospital and Wexham Park Hospital sites. The Heatherwood Hospital was subject to a good housekeeping valuation as this was a new build.

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 10 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.

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

1.7 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 10 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 10 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 and bank

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

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.

1.9 Cash and bank (continued)

Cash and bank 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 19 - 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 relate.

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, i.e., 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.

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.

1.10 Financial instruments and financial liabilities (continued)

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.

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

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 13 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.

A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined in the PDC dividend policy issued by the Department of Health and Social Care. This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts.

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

The calculation of relevant assets is as follows:

1.16 Public dividend capital (Continued)

	£000's
Relevant net asset calculation	**Value**
Total public dividend capital and reserves	£560,006
Less: Net book value of donated and grant funded assets	-£9,405
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)	-£199,944
Less: Outstanding PDC Dividend prepayments	£0
Plus: Outstanding PDC Dividend payables	£0
Less: Approved expenditure on COVID-19 capital assets	£0
Less: Assets under construction for nationally directed schemes	£0
Add: Cash support for revenue requirements PDC drawn in-year	£0
Total relevant net assets	£350,657

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 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.

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 that are required to be disclosed separately that impact the accounting statements.

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 2022 as a full asset valuation of the land and buildings was undertaken as at 31 March 2020. A good housekeeping valuation was undertaken on the Heatherwood site. 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 2021/22 Accounts. The unaudited value of the Charitable Funds reserves as at 31 March 2022 is circa £5.1m (2020/21 £5.4m), income received during the year was £1.2m (2020/21 £2.3m) and expenditure was £1.7m (2020/21 £1.3m).

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

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

IFRS 16 Leases this standard will be adopted from 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.

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 without restatement and with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be a rate defined by HM Treasury. For 2022, this rate is 0.95%. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. No adjustments will be made on 1 April 2022 for existing finance leases.

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

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

Estimated impact on 1 April 2022 income and expenditure reserve	
	£000
Additional right of use assets recognised for existing operating leases	29,130
Additional lease obligations recognised for existing operating leases	(29,130)
Estimated impact on 1 April 2022 statement of financial position	**0**

Estimated in-year impact in 2022/23	**£000**
Additional depreciation on right of use assets	(8,032)
Additional finance costs on lease liabilities	(222)
Lease rentals no longer charged to operating expenditure	8,341
Estimated impact on surplus/deficit in 2022/23	**87**

Early adoption of standards, amendments and interpretations

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

2. Operating Income from patient care activities

2.1 Income from patient care activities (by nature)	**2021/22 £000**	2020/21 £000
Acute Services		
Block contract / system envelope income	**769,525**	656,111
High cost drugs income from commissioners	**467**	8,240
Other NHS clinical income*	**960**	580
Community services		
Block contract / system envelope income	**18,861**	17,100
Other clinical income	**703**	13,400
	790,516	695,431
Additional pension costs	**21,327**	19,973
Private patient income	**9,205**	4,420
Elective Recovery Fund	**10,000**	0
Non-NHS Overseas patients (charged to patient)	**582**	586
NHS Injury Scheme	**0**	1,000
Total Income from activities	**831,630**	721,410

All income from patient care activities relates to contract income recognised in line with accounting policy 1.2.

2.2 Overseas visitors (relating to patients charged directly by the provider)	2021/22 £000	2020/21 £000
Income recognised this year	**582**	586
Cash payments received in-year	**340**	212
Amounts added to provision for impairment of receivables	**178**	882
Amounts written-off in year	**459**	535

2.3 Other operating income

Other operating income from contracts with customers:		
Reimbursement and top up funding	**30,283**	74,416
Contributions to expenditure - consumables (inventory) donated from DHSC group bodies for COVID response	**2,265**	10,313
Education and training (excluding national apprenticeship levy income)	**19,325**	15,212
Research and development (contract)	**1,411**	1,305
Non commissioner requested services	**53,284**	101,246
Other non-contract operating income:		
Education and training - notional income from apprenticeship fund	**920**	672
Car Parking	**2,217**	1,304
Catering	**2,372**	1,912
Charitable and other contributions to expenditure	**63**	103
Staff accommodation	**299**	197
Clinical Excellence Award	**339**	139
Creche	**1,212**	1,128
Clinical tests	**12,116**	3,917
Charitable and other contributions to expenditure - received from other bodies	**0**	0
Donated equipment from DHSC for COVID response (non-cash)	**0**	1,249
Sustainability and Transformation Fund income	**0**	0
Other operating income	**521**	2,934
	20,059	13,555
Total other non-contract operating Income	**73,343**	114,801

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 2022 £000	31 March 2021 £000
Total Commissioner requested services	**790,516**	695,431
Non-Commissioner requested services	**53,284**	101,246
Total Operating income	**843,800**	796,677
- Additional pension costs	**21,327**	19973
- Private patient income	**9,205**	4,420
- Overseas patients (non-reciprocal)	**582**	586
- NHS Injury Scheme	**0**	1,000
Elective recovery fund	**10,000**	0
Other income	**20,059**	13,555
Non-Commissioner requested services	**61,173**	39,534
Total Income	**904,973**	**836,211**

3. Operating Expenses

3.1 Operating expenses comprise	2021/22 £000	2020/21 £000
Purchase of healthcare from NHS bodies	**3,193**	2,009
Purchase of healthcare from non-NHS bodies	**16,198**	14,735
Chair and non-executive directors' costs	**154**	190
Executive directors' costs	**1,542**	1,847
Staff costs	**528,092**	497,959
Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%)	**21,327**	19,973
Education and training - notional expenditure funded from apprenticeship fund	**920**	672
Drug costs	**87,056**	73,628
Supplies and services - clinical (excluding drug costs)	**84,024**	73,238
Supplies and services - general	**8,805**	8,117
Supplies and services – clinical: utilisation of consumables donated from DHSC group bodies for COVID response	**2,265**	10,313
Supplies and services – general: notional cost of equipment donated from NHSE for COVID response below capitalisation threshold	**0**	249
Establishment	**8,602**	6,800
Transport	**4,795**	4,075
Premises	**45,371**	44,500
(Decrease)/Increase in bad debt provision	**(1,096)**	4,137
Depreciation	**25,708**	26,049
Amortisation on intangible assets	**634**	1,102
Property, plant and equipment impairment	**39,838**	3,785
Audit Fees - statutory audit	**96**	82
Internal audit fees and local counter fraud service	**85**	85
Clinical negligence	**30,431**	26,311
Rentals under operating leases	**9,779**	505
Consultancy costs	**4,811**	3,832
Legal Fees	**428**	629
Education training and conferences	**1,730**	1,723
Other expenses	**2,513**	3,233
	927,301	829,778

IFRS16 implementation has meant that rentals under operating leases payments have increased, refer also to note 3.3.2

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. A further year to March 2022 was agreed by the Council of Governors due the exceptional circumstances of the covid pandemic. The table below shows the fees for KPMG for 2021/22 and the prior year 2020/21, in accordance with the Audit Code issued by NHSI, March 2022.

Audit Services - Statutory Audit	2021/22 £(exc. VAT)	2020/21 £(exc. VAT)
Audit of the Trust's financial statements	**80,000**	**68,460**
Annual Accounts	**68,000**	**53,460**
Value for money audit work	**12,000**	**15,000**
Work undertaken on new accounting standards (IFRS16) to date	**0**	**0**
Total	**80,000**	**68,460**

Audit fees shown within note 3.1 are shown gross

3.2 Auditor's remuneration (continued)

Non Audit fees	2021/22 £(exc. VAT)	2020/21 £(exc. VAT)
1. the auditing of accounts of any associate of the trust	**0**	0
2. audit-related assurance services	**0**	0
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**	0

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	2021/22 £000	2020/21 £000
Payments recognised as an expense	**9,779**	505
	9,779	505

3.3.2 Future minimum lease payments due

	2021/22	2021/22
Annual payments on leases:	**£000**	£000
Not later than one year	**9,567**	345
Later than one year and not later than five years	**13,725**	409
Later than five years	**1,157**	0
	24,449	754

Due to changes with IFRS16 the lease base will increase in future years, the main driver for the increased costs is building and land leases which were previously not included here but were expensed in premises.

4.1 Staff costs	2021/22 Total	Permanently Employed and Bank	Other	2020/21 Total
	£000	**£000**	**£000**	£000
Salaries and wages	**422,805**	**422,805**	**0**	400,874
Social Security Costs	**43,918**	**43,918**	**0**	40,578
NHS Pension costs	**48,679**	**48,679**	**0**	45,968
Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%)	**21,327**	**21,327**	**0**	19,973
Apprenticeship levy	**2,078**	**2,078**	**0**	1,934
Agency/contract/MOD staff	**21,516**	0	**21,516**	15,149
Recoveries from other bodies	**(727)**	**(727)**	**0**	(588)
	559,596	**538,080**	**21,516**	523,888

Costs for MOD staff shown above were £1,558k (2020/21 - £1,427), staff are employed on the Frimley site under contract from the MOD.

4.2 Staff exit packages

	2021/22 Compulsory redundancies Number	2021/22 Cost of compulsory redundancies £000s	2020/21 Compulsory redundancies Number	2020/21 Cost of compulsory redundancies £000s
<£10,000	**0**	**0**	1	6
£10,001 - £25,000	**0**	**0**	1	21
£25,001 - £50,000	**0**	**0**	0	0
£200,000>	**0**	**0**	1	244
Total Compulsory redundancies	**0**	**0**	3	271

	2021/22 Other departures agreed Number	2021/22 Other departures agreed £000s	2020/21 Other departures agreed	2020/21 Other departures agreed
<£10,000	**15**	**61**	17	35
Total other departures	**15**	**61**	17	35

4.3 Monthly average number of persons employed

	2021/22 Total Number	Permanently Employed Number	Bank and Agency Number	2020/21 Total Number
Medical and dental	**1,362**	**1,222**	**140**	1,300
Administration and estates	**1,980**	**1,854**	**126**	1,913
Healthcare assistants and other support staff	**2,268**	**1,875**	**393**	2,175
Nursing, midwifery and health visiting staff	**3,124**	**2,722**	**402**	3,046
Scientific, therapeutic and technical staff	**1,460**	**1,306**	**154**	1,411
	10,194	**8,979**	**1,215**	9,845

4.4 Early retirements due to ill health

During 2021/22 there were 5 early retirements from the Trust agreed on the grounds of ill-health at a cost of £374k (2020/21 - 2 at a cost of £32k).

5. Finance Expenses - Financial Liabilities

	2021/22 £000	2020/21 £000
Finance leases	**55**	68
Interest on loans from the Department of Capital Loan	**610**	680
Interest on late payment of commercial debt	**1**	0
	666	748

6. Better Payment Practice Code

6.1 Better payment practice code - measure of compliance

	2021/22		2020/21	
	Number	**£000**	Number	£000
NHS				
Total bills paid in the year	**3,072**	**43,969**	3,711	30,365
Total bills paid within target	**2,460**	**29,484**	2,843	13,217
Percentage of bills paid within target	**80%**	**67%**	77%	44%
Non-NHS				
Total bills paid in the year	**142,867**	**312,386**	120,841	307,584
Total bills paid within target	**138,285**	**281,427**	115,492	267,426
Percentage of bills paid within target	**97%**	**90%**	96%	87%
Total				
Total bills paid in the year	**145,939**	**356,355**	124,552	337,949
Total bills paid within target	**140,745**	**310,911**	118,335	280,643
Percentage of bills paid within target	**96%**	**87%**	95%	83%

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 £1k has been included within finance costs arising from claims made under this legislation (2020/21 - £0k).

7. Intangible Assets

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

	Total	Software	Intangible assets under construction
	£000	£000	£000
Gross cost at 1 April 2021	**34,801**	31,155	3,646
Additions - purchased	**27,162**	11,887	15,275
Gross cost at 31 March 2022	**61,963**	**43,042**	**18,921**
Accumulated amortisation at 1 April 2021	**9,318**	9,318	0
Provided during the year	**634**	634	0
Accumulated amortisation at 31 March 2022	**9,952**	**9,952**	**0**
NBV - Purchased at 31 March 2021	**25,483**	21,837	3,646
NBV total at 31 March 2021	**25,483**	**21,837**	**3,646**
NBV - Purchased at 31 March 2022	**52,011**	**33,090**	**18,921**
NBV total at 31 March 2022	**52,011**	**33,090**	**18,921**

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

Intangible assets under construction consist of software assets that are still under development with the third party.

2020/21	Total	Software	Intangible assets under construction
	£000	£000	£000
Gross cost at 1 April 2020	**25,618**	25,618	0
Additions - purchased	**9,183**	5,537	3,646
Gross cost at 31 March 2021	**34,801**	**31,155**	**3,646**
Accumulated amortisation at 1 April 2020	**8,216**	8,216	0
Provided during the year	**1,102**	1,102	0
Accumulated amortisation at 31 March 2021	**9,318**	**9,318**	**0**
NBV - Purchased at 31 March 2020	**17,402**	17,402	0
NBV total at 31 March 2020	**17,402**	**17,402**	**0**
NBV - Purchased at 31 March 2021	**25,483**	**21,837**	**3,646**
NBV total at 31 March 2021	**25,483**	**21,837**	**3,646**

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

Intangible assets under construction consist of software assets that are still under development with the third party.

8 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 2021	590,852	40,580	270,401	825	90,713	115,368	135	60,439	12,391
Additions - purchased	61,369	0	23,851	0	6,415	9,844	0	20,409	850
Additions - leased	0	0	0	0	0	0	0	0	0
Additions - donated	63	0	0	0	0	63	0	0	0
Additions - equipment donated from DHSC for COVID response	0	0	0	0	0	0	0	0	0
Additions - assets purchased from cash donations/grants	0	0	0	0	0	0	0	0	0
Revaluations	12,209	3,920	8,267	22	0	0	0	0	0
Impairments/surpluses charged to revaluation reserve	(1,758)	0	(1,758)	0	0	0	0	0	0
Impairments recognised in operating expenses	(39,838)	0	(39,838)	0	0	0	0	0	0
Reclassifications	0	0	86,307	0	(86,307)	0	0	0	0
Disposals/Derecognition	(640)	0	0	0	0	(640)	0	0	0
Cost or valuation at 31 March 2022	**622,257**	**44,500**	**347,230**	**847**	**10,821**	**124,635**	**135**	**80,848**	**13,241**
Accumulated Depreciation at 1 April 2021	134,866	0	8,912	25	0	84,621	124	31,668	9,516
Provided during the year	25,708	0	8,877	22	0	7,389	0	8,641	779
Accumulated depreciation written out upon revaluation	0	0	0	0	0	0	0	0	0
Disposals/Derecognition	(535)	0	0	0	0	(535)	0	0	0
Depreciation at 31 March 2022	**160,039**	**0**	**17,789**	**47**	**0**	**91,475**	**124**	**40,309**	**10,295**
Net book value									
Purchased at 1 April 2021	444,922	40,580	253,293	0	90,713	28,679	11	28,771	2,875
Finance Leases 1 April 2021	1,732	0	0	800	0	932	0	0	0
Donated at 1 April 2021	9,332	0	8,196	0	0	1,136	0	0	0
Total at 1 April 2021	**455,986**	**40,580**	**261,489**	**800**	**90,713**	**30,747**	**11**	**28,771**	**2,875**
Net book value									
- Purchased at 31 March 2022	451,291	44,500	320,884	0	10,821	31,590	11	40,539	2,946
- Finance Leases at 31 March 2022	1,522	0	0	800	0	722	0	0	0
- Donated at 31 March 2022	9,405	0	8,557	0	0	848	0	0	0
Total at 31 March 2022	**462,218**	**44,500**	**329,441**	**800**	**10,821**	**33,160**	**11**	**40,539**	**2,946**

Land and Buildings were revalued effective 31 March 2022 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: Heatherwood Optimised Block and External Works £39,587k; Wexham Park MEA Workshop Block £251k

8.1 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;

8.2 Assets held at open market value

Of the totals at 31 March 2022 and 31 March 2021 all assets were valued in line with valuation methods set out in Note 1.6.

8.2.1 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 2022	**1,522**	**800**	**722**
	£000	£000	£000
NBV as at 31 March 2021	1,732	800	932

8.2.2 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 2022	**232**	**22**	**210**
	£000	£000	£000
Depreciation as at 31 March 2021	235	25	210

9. Inventories

	31 March 2022	31 March 2021
	£000	£000
Drugs consumables	**9,945**	3,944
Clinical consumables	**4,112**	6,001
	14,057	9,945

IMS stock is included within both drugs and clinical stock, all numbers included are based on end of year system stock records produced automatically. The increase in stock value is driven by the IMS system which counts all stock, including very low value items.

10. Trade and Other Receivables

Note 10.1 Amounts falling due within one year:

	31 March 2022	31 March 2021
	£000	£000
Contract receivables (IFRS 15): invoiced	**33,984**	23,635
Contract receivables (IFRS 15): not yet invoiced / non-invoiced	**1,318**	3,700
Provision for impaired receivables	**(2,984)**	(4,727)
Prepayments	**15,099**	17,389
NHS injury scheme income	**4,870**	4,934
NHS injury scheme provision	**(2,516)**	(1,680)
PDC dividend receivable	**0**	1,971
	49,771	**45,222**

Note 10.2 Amounts falling due greater than one year:

Clinician pension tax provision reimbursement funding from NHSE	**1,328**	145
	1,328	145

Due to the financial regime being based on fixed payments for 2021/22, there were no partially completed spells included within NHS receivables (2020/21 £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.

The Clinician's pension tax provision is based on NHS England's updated calculation for provision liabilities arising from the 2019/20 clinicians' pensions compensation scheme for the Trust. These figures use the latest available information on actual uptake of the scheme. They are derived from combining information on applications to join the 2019/20 scheme under the policy, together with information in the scheme pays election form where present, and with averages assumed where these forms are absent or clearly an estimate (values less than £100). Future liabilities based on individual member data and scheme rules are then discounted to give totals for each Trust.

10.2 Provision for impairment of receivables	31 March 2022 £000	31 March 2021 £000
At 1 April	4,727	1,212
Increase in Provision	2,171	4,433
Changes in the calculation of existing allowances	(3,267)	(296)
Amounts utilised	(647)	(622)
At 31 March	**2,984**	**4,727**

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

	31 March 2022 £000	31 March 2021 £000
Increase in provision	2,171	4,433
Unused amounts reversed	(3,267)	(296)
Charged to Operating Expenses	**(1,096)**	4,137

10.4 Ageing of impaired receivables	31 March 2022 £000	31 March 2021 £000
Up to three months	330	174
In three to six months	389	491
Over six months	1,934	1,195
Total	**2,653**	1,860

10.5 Ageing of non-impaired receivables past their due date	31 March 2022 £000	31 March 2021 £000
Up to three months	17,409	24,394
In three to six months	3,567	4,321
Over six months	3,960	10,266
Total	**24,936**	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 10.1 as the total receivables balance includes receivables that are not classed as financial assets (see note 18.1.1) and receivables not past their due date as at 31 March 2022. In line with IAS1 debts are expected to be settled within 1 year.

11. Trade and other payables

11.1 Trade and other payables at the statement of financial position date are made up of:

	31 March 2022 £000	31 March 2021 £000
Current liabilities		
Capital payables (including capital accruals)	23,759	9,981
Accruals (revenue costs only)	75,249	53,092
PDC Dividend payable	145	0
Other payables	28,772	27,939
Trade and other payables	**127,925**	91,012
Tax payable (including social security costs)	11,297	10,874
Total trade and other payables	**139,222**	101,886

11.2 Current borrowings

Obligations under finance leases and hire purchase contracts	210	210
Other loans	986	1,098
Loans from the Department of Health and Social Care	7,053	7,078
Total current borrowings	**8,249**	8,386

11.3 Non-current borrowings

Obligations under finance leases and hire purchase contracts	509	719
Other loans	1,027	1,906
Loans from the Department of Health and Social Care	35,060	41,900
Total non-current borrowings	**36,596**	44,525

11.4 Other liabilities - deferred income	28,614	22,852
Total other liabilities	**28,614**	22,852

Due to the financial regime being based on fixed payments for 2021/22, there is no maternity pathway income included within deferred income. As per NHSE/I guidance the 31 March 2021 adjustment for £4.4m was reversed during last years accounts.

11.5 Finance lease obligations

2021/22	Total	Plant and Machinery
Payable:	£000	£000
Within one year	253	253
Between one and five years	562	562
	815	815
Less finance charges allocated to future periods	(96)	(96)
	719	719
not later than one year	210	210
later than one year and not later than five years	509	509

2020/21	Total	Plant and Machinery
Payable:	£000	£000
Within one year	266	266
Between one and five years	814	814
	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

11.6 Future finance lease obligations

	Plant and Machinery 2021/22
Minimum number of payments	41
Number of years of commitment	4

	Plant and Machinery 2020/21
Minimum number of payments	53
Number of years of commitment	5

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.

12. Provisions for Liabilities and Charges

	Total	Pensions - other staff	Other legal claims	Clinicians Pensions	Other
	£000	£000	£000	£000	£000
At 1 April 2021	**1,308**	431	117	145	615
Arising during the year	**1,208**	2	0	1,187	19
Utilised during the year	**0**	0	0	0	0
At 31 March 2022	**2,516**	**433**	**117**	**1,332**	**634**
Expected timing of cash flows:					
Within one year	**211**	87	17	4	103
Between one and five years	**1,019**	346	100	42	531
later than five years	**1,286**	0	0	1,286	0
	2,516	**433**	**117**	**1,332**	**634**

12.1 Provisions for Liabilities and Charges 2020/21

	Total	Pensions - other staff	Other legal claims	Clinicians Pensions	Other
	£000	£000	£000	£000	£000
At 1 April 2020	**689**	273	100	0	316
Arising during the year	**824**	282	17	145	380
Utilised during the year	**(205)**	(124)	0	0	(81)
At 31 March 2021	**1,308**	**431**	**117**	**145**	**615**
Expected timing of cash flows:					
Within one year	**327**	88	60	0	179
Between one and five years	**869**	343	57	145	324
After five years	**112**	0	0	0	112
	1,308	**431**	**117**	**145**	**615**

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**
Pay provision	**19**
Additional pension provisions	**98**
Total other provisions	**634**

13. Clinical negligence liabilities

	2021/22	2020/21
	£000	£000
Amount included in provisions of NHS Resolution in respect of Clinical Negligence liabilities of the Trust.	**692,549**	485,445

14. Cash and Cash Equivalents

	31 March 2022	31 March 2021
	£000	£000
At 1 April	**195,758**	**191,525**
Net change in year	**(76)**	**4,233**
At 31 March	**195,682**	**195,758**
Broken down into:		
Cash at commercial banks and in hand	**22**	**20**
Cash with the Government Banking Service	**195,660**	**195,738**
Cash and cash equivalents in Statement of Cash Flows	**195,682**	**195,758**

15. Contractual Capital Commitments

Commitments under capital expenditure contracts at the statement of financial position date were £42,257k (2020/21 - £56,629k) these are in respect of the building work being undertaken for major capital projects across the main sites and the Electronic Patient Record system project.

16. Post Statement of Financial Position Events

There are no material post statement of financial position events.

17. Related Party Transactions 2021/22

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:

	2021/22 Income £000	2021/22 Expenditure £000	31/3/2022 Receivables £000	31/3/2022 Payables £000
Department of Health and Social Care (incl. core trading and NHS Supply Chain Maidstone invoices prefixed with 904, not incl. PDC or loan interest)	20,332	0	29	0
Health Education England	17,635	0	1,067	0
HM Revenue & Customs - other taxes and duties and NI contributions (Expenditure includes apprenticeship levy and employer NI contributions. Balances include both employer and employee contributions/PAYE deductions).	0	45,996	0	11,297
NHS Berkshire West CCG	10,417	0	0	324
NHS Buckinghamshire CCG	65,426	0	0	0
NHS England - Central Specialised Commissioning Hub	18,863	0	551	0
NHS England - Core (includes expenditure and payables for all regions and central specialised commissioning)	9,839	17	3,922	9
NHS Frimley CCG (Y02) (formed from the merger 10C, 15D and 99M)	576,378	469	4,524	518
NHS Hampshire, Southampton and Isle of Wight CCG (Y01)	13,180	0	0	0
NHS North West London CCG (Y05) (formed from merger of 07P, 07W, 07Y, 08C, 08E, 08G, 08Y and 09A)	4,504	0	0	0
NHS Oxfordshire CCG	1,263	0	1,263	0
NHS Pension Scheme (Balances include employee and employer contributions o/s plus other invoiced charges. Expenditure includes employer contributions only)	0	70,006	0	28
NHS Property Services	275	5,616	259	244
NHS Resolution	1,875	30,435	0	3
NHS Surrey Heartlands CCG	19,885	0	30	97
Royal Berkshire NHS Foundation Trust	846	1,063	6,161	1,382
Royal Surrey NHS Foundation Trust	2,937	6,570	3,493	3,656
South East Regional Office	65,235	0	885	0
South West Regional Office	11,476	0	0	0
St Helens And Knowsley Hospital Services NHS Trust	839	0	835	152
UK Health Security Agency	15,510	0	16	119

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 £105k relating to PPE additions. (2020/21 £103k).

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 2021/22.

17.1 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:

	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 2020/21.
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 2021/22.

18. 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 341,043 as at 31 March 2022 (2020/21 74,024).

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 11.5 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.

18.1 Financial Instruments

18.1.1 Financial Assets

	Carrying Value £000
Financial assets	
Denominated in £ sterling	231,682
Gross financial assets at 31 March 2022	231,682
Denominated in £ sterling	221,135
Gross financial assets at 31 March 2021	221,135

18.1.2 Financial liabilities

	Carrying Value £000
Denominated in £ sterling	172,625
Gross financial liabilities at 31 March 2022	172,625
Denominated in £ sterling	143,923
Gross financial liabilities at 31 March 2021	143,923

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 £15,099k (2020/21 - £17,389k) are not considered to be financial instruments.

Other tax and social security payables amounts of £11,297k (2020/21 - £10,874k) and deferred income of £28,614k (2020/21 - £22,852k) 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".

18.2 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	20,074	20,074
Receivables (excluding non financial assets) - with other bodies	15,926	15,926
Cash and cash equivalents	195,682	195,682
Total at 31 March 2022	**231,682**	**231,682**

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**

18.3 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	127,021	127,021
Trade and other payables (excluding non financial liabilities) with other bodies	759	759
Finance lease obligations	719	719
Other loans - salix	2,013	2,013
Loans with the Department of Health and Social Care	42,113	42,113
Total at 31 March 2022	**172,625**	**172,625**

	Total £000	Other financial liabilities £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**

18.4 Fair values	31 March 2022 Book Value £000	31 March 2022 Fair Value £000
Financial assets	231,682	231,682
Financial assets	**231,682**	**231,682**
Financial liabilities		
Payables over 1 year - Finance Lease obligations	509	509
Payables over 1 year - Loans	1,027	1,027
Loans with the Department of Health and Social Care over 1 year	35,060	35,060
Other	136,029	136,029
Financial liabilities	**172,625**	**172,625**

	31 March 2020 Book Value £000	31 March 2020 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**

As at 31 March 2022 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 Trust's 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.

18.5 Maturity of financial assets

All of the Trust's financial assets mature in less than one year.

18.6 Maturity of financial liabilities

	31 March 2022 £000	31 March 2021 £000
Less than one year	**136,098**	**100,822**
In more than one year but not more than five years	**22,108**	**23,240**
In more than five years	**14,778**	**21,618**
Total	**172,984**	**145,680**

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 (i.e. gross liabilities including finance charges).

19. Third Party Assets

The Trust held £0.00 cash and cash equivalents at 31 March 2022 (31 March 2021 - £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.

20. Losses and Special Payments

There were 283 cases of losses and special payments (2020/21 - 460 cases) totalling £691,000 (2020/21 - £734,000) approved during 2021/22. 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 (2020/21 - 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 (2020/21 - 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 (2020/21 - nil).

There were no fruitless payment cases where the net payment exceeded £300,000 (2020/21 - nil).

There were no Claims waived or abandoned where the net payment exceeded £300,000 (2020/21 - nil).

There were no stores losses and damage to property where the next payment exceeded £300,000 (2020/21 - 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.