

Brighton and Sussex University Hospitals NHS Trust
Annual Report and Accounts
2018/19

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PERFORMANCE REPORT

Overview

The purpose of this section of the Annual Report is to provide a summary of the purpose and activities of Brighton and Sussex University Hospitals NHS Trust (BSUH), the Trust's priorities and objectives for 2018/19, the key risks to achieving these objectives and how we have performed in relation to these during the year.

Chief Executive's statement

This Annual Report clearly shows that 2018/19 has been a watershed year for BSUH and one in which the whole organisation has embraced new and positive ways of working. These are demonstrably delivering a better working environment for our staff and, most importantly, a better quality and experience of care for our patients.

Our 2018 NHS Staff Survey results show that we are absolutely going in the right direction when it comes to empowering our staff to speak up, and making them feel that their views are listened to and respected when they do. We know that patient care is a priority for our frontline staff and for the third year running the number saying they believe patient care is the organisation's top priority has also increased. The data also shows that staff feel the Trust has improved in over two-thirds of the measures the NHS Staff Survey covers, with the remaining measures staying the same.

The publication of our CQC inspection, in January 2019, which rated the Trust as GOOD overall and OUTSTANDING for care, was also a pivotal moment in terms of staff morale, a validation of how hard everyone has worked over the last two years and the reputation of our hospitals with patients, carers and the local population. It is one thing to believe that we are doing our best to deliver outstanding care for patients but to have had that confirmed by our CQC rating is such an important endorsement of everything we have done so far to embed the Patient First ethos.

2018/19 is also the year that we were taken out of special measures for both our financial performance and the quality of care we provide. This is another important milestone in our journey of improvement and a testament to the hard work of staff across the whole organisation.

As, if not more, important than the moments when we can justifiably celebrate the improvements we have made, are how we have responded to the moments when things don't go as we would want or expect. Supporting and empowering our staff to be open and honest when things go wrong, and giving them the confidence to contribute fully to any process which seeks to understand what happened and learn from our mistakes, is a key element of our journey of improvement. And I am almost prouder of the positive change we have achieved in how BSUH responds to errors and challenges than I am of our achievements.

Our Patient First programme of continuous improvement empowers staff to identify and drive through sustainable change, equipping them with the training, tools and freedom to work out where their opportunities lie, and the skills and support to deliver them, continues to be central to everything we have achieved so far and want to achieve in the future. Patient First has been embraced by staff across the organisation and we have made significant strides in building a transformational culture that creates a positive and

open working environment in which everyone feels inspired to do the best possible job they can and provide the best possible care they can for every patient, every day.

A huge thankyou goes to all staff for their incredible efforts over the past year and for the part each and every one of them has played in everything we have achieved. Of course, there is more to do and challenges to face but we have so much to be proud of and by working as a team, all pulling in the same direction, we can continue to transform BSUH and move forward.



Dame Marianne Griffiths
Chief Executive

Date 28 May 2019

About the Trust

Brighton Sussex University Hospitals NHS Trust (BSUH) is an acute teaching hospital working across two main sites: the Royal Sussex County Hospital in Brighton and the Princess Royal Hospital in Haywards Heath. The Brighton campus includes the Royal Alexandra Children's Hospital and the Sussex Eye Hospital and is also the Major Trauma Centre for the region.

We provide District General Hospital services to our local populations in and around Brighton and Hove, Mid Sussex and the western part of East Sussex and more specialised and tertiary services for patients from across Sussex and the south east of England.

The Princess Royal Hospital has a 24/7 Emergency Department for its local population and is also our centre for elective surgery. The Royal Sussex County Hospital is our centre for emergency and tertiary care. Our specialised and tertiary services include neurosciences, arterial vascular surgery, neonatal, paediatrics, cardiac, cancer, renal, infectious diseases and HIV medicine. In addition to our two main hospital sites we also provide services from Brighton General Hospital, Hove Polyclinic, Lewes Victoria Hospital, the Park Centre for Breast Care and a renal dialysis satellite services in Bexhill, East Sussex.

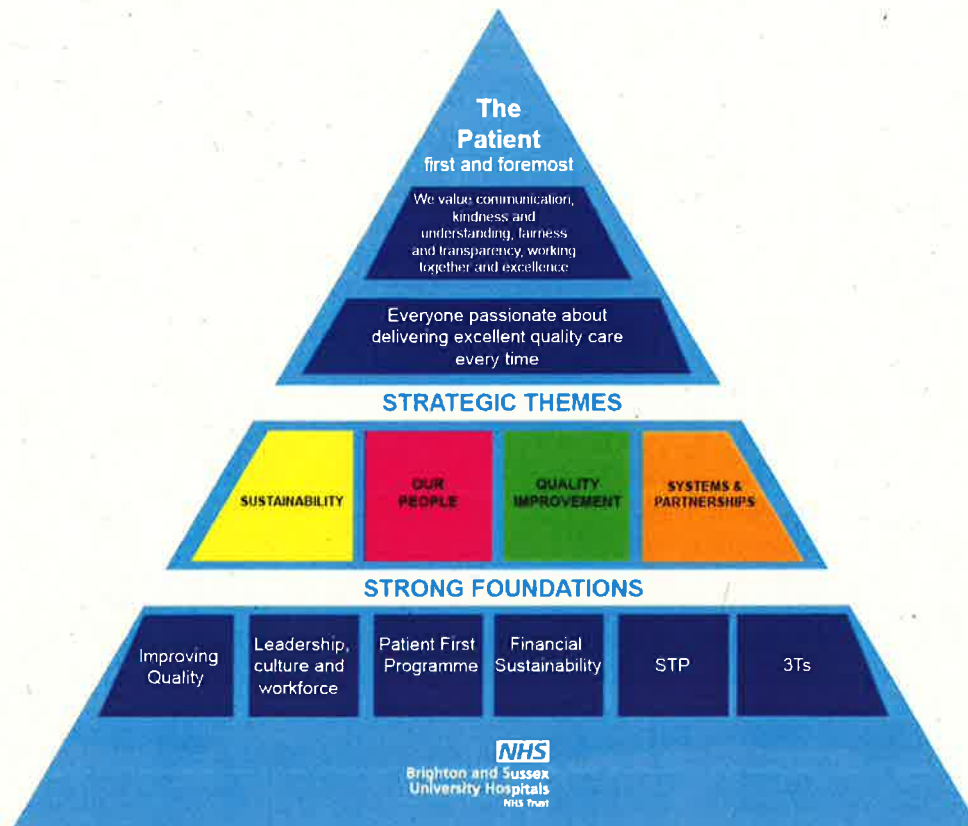
Central to our ambition is our role as an academic centre, provider of high-quality teaching, and a host hospital for cutting edge research and innovation. On this we work in partnership with Brighton and Sussex Medical School, Health Education England, Kent, Surrey and Sussex Postgraduate Deanery and the Universities of Brighton and Sussex.

Vision, Priorities and Objectives – The Patient First approach

In 2017/18 a long-term approach to transforming hospital services for the better, described as Patient First, was introduced to BSUH. Whether it's small steps or complex change, Patient First is a continuous process of improvement led by front-line staff empowered to initiate and lead positive change.

Our people are given the training, the tools and the freedom to work out where the opportunities are; and the skills and support to make change happen and to make it sustainable.

The Patient First triangle was created to explain the different layers of Patient First.



The patient is at the apex of the triangle to make it explicit that everything we do should contribute to improving the experience and outcomes of the people in our care. This is the True North of the organisation – the one constant to which we must always set out direction of travel in order to achieve our vision.

Patient First has four **strategic themes** that guide the initiatives we put in place across the hospitals:

- Our people
- Quality improvement
- Sustainability
- Systems and partnerships

Each of the strategic themes has a number of **breakthrough objectives** that will take us furthest and fastest towards our overall True North. This means that:

- Our True North focus around the PATIENT is on patient satisfaction
- Around OUR PEOPLE, it's about improving staff engagement
- In QUALITY IMPROVEMENT, it's reducing mortality and avoiding harm
- For SUSTAINABILITY, it's on managing our budget
- And for SYSTEMS AND PARTNERSHIPS, it's improving patient flow.

True North Domain	Breakthrough Objective	Executive Lead
Patient	Reduction in negative feedback where staff attitude is cited as an issue	Nicola Ranger (Chief Nursing Officer)
Sustainability	Achieve the efficiency plan for 2018/19	Karen Geoghegan (Chief Financial Officer)
People	Staff believe that care is the top priority for the organisation	Denise Farmer (Chief Workforce Officer)
Quality	Improvement in recognition and management of deteriorating patients	George Findlay (Chief Medical Officer)
Systems & Partnerships	Reduce in the numbers of patients waiting >4hrs in A&E who are not admitted	Pete Landstrom (Chief Delivery Officer)
Systems & Partnerships	Ensure no patients wait over 52 weeks for elective treatments	Pete Landstrom (Chief Delivery Officer)

The Patient First triangle also illustrates the **strong foundations** on which the programme must be built and for BSUH these are improving quality, underpinned by financial sustainability, the best leadership, culture and workforce. In addition, we need to play our part in local Sustainability and Transformation Programme (STP) – a programme of work across Sussex and East Surrey to develop shared proposals, across all health and care organisations, to improve services. And ensure we progress our 3Ts redevelopment of the Royal Sussex County Hospital site.

The delivery of the Patient First programme is supported by **five pillars**, which support the strategic themes and will help us achieve our objectives:

1. **Kaizen office** – Kaizen is a Japanese concept that, loosely translated, means continuous improvement. The principle is at the heart of the philosophy that made Toyota and others, including the Virginia Mason Medical Centre, so successful and sustainable. It is about getting front-line staff to approach problem-solving and root cause analysis from a different, ceaselessly inquisitive perspective.
2. **Patient First Improvement Systems (PFIS)** – the PFIS is the Lean management programme designed to develop our people's ability to solve problems and improve performance. During the programme, teams receive specialist training to introduce tools and techniques that will help eliminate waste from everyday processes and begin to improve them on a continuing basis. At the end of March 2019, 27 units (wards and other teams) had taken part in the training and had begun using the tools and techniques in their daily work. A further 26 teams will have completed the training by July 19.

3. **Capability** – The Patient First Capability Programme provides the skills and training necessary to help teams understand and use the principles and tools available through Patient First.
4. **Improvement projects** – our improvement approach involves using “Lean” principles pioneered by Japanese car producer Toyota after the Second World War. Lean is a systematic method of illuminating waste from a process. In a hospital setting, examples of waste could include moving patients from department to department or ward to ward unnecessarily, holding more supplies than we actually need, or delays in discharge or diagnostic tests.
5. **Strategy deployment** – where theory becomes reality. Strategy deployment is the process through which we identify and review the True North objectives for each strategic theme and cascade these throughout the organisation. It provides a framework to enable staff at all levels to be clear about our priorities, our progress against them and how best they can contribute.

Performance and key issues and risks

The Patient – True North objective: an overall score of over 96% for patient satisfactions when measured through the Friends and Family Test.

Our long-term objective is to achieve an overall Friends and Family Test (FFT) score in excess of 96%. In the medium term, we want to reduce the number of occasions where staff attitude is cited as an issue. Currently our FFT score for our A&E service is 89% whereas the national average for England is 85%. We also survey our inpatients and our inpatient score is 94.1% a rise from 92% at the end of the previous year.

Our People – True North objective: to be in the top 20% in the country for staff engagement.

Our long-term objective is to achieve a staff engagement score within the top 20% in the country. In the medium term, we want to increase the number of staff who believe care is this organisation's top priority.

Question 21a within the staff survey 'Care of patients/service users is my organisations top priority' increased by 9.1% from 2017 and matched the average score for Acute Trusts. This increase is testament to the patient first methodology and demonstrates the Trust's commitment to putting actions in place to ensure our staff are passionate about delivering excellent quality care and putting our patients first and foremost.

The 3Ts hospital redevelopment is a £485 million project to replace some of the NHS's oldest buildings and provide purpose-built, future-ready clinical facilities. These will enable existing staff to provide high quality care more easily, while making the organisation more attractive for new recruits.

Quality Improvement – True North objective: to be in the top 20% of trusts for preventable mortality and provide 100% harm free care.

Our long-term quality objective is to be in the top 20% for Hospital Standardised Mortality Ratio (HSMR) and provide harm free care. For 2018/19 the Trust's HSMR was 94.1 for the latest reported period of 12 months to February 2019, where the previous 12 month period to February 2018 the Trust's performance was 98.7. This shows good performance against the national average of 100. In the medium term we are focused on improving our recognition and management of deteriorating patients. We have also undertaken work to reduce our rate of patient falls within the Trust; this has seen the Trust's falls rate being approximately half the national average with a rate of 3.38 per 1000 bed stay days compared to a national rate of 6.3 in 2018/19. We are however not complacent as high patient numbers and continued challenges with staffing numbers both present continued risks to us achieving these objectives.

Sustainability – True North objective: to reduce our deficit until we balance our budget.

Our long-term sustainability objective is to live within our budget. In the medium term, we are committed to financial plans that reduce our deficit and we have achieved this in the last two financial years. In 2018/19 we met our control target, and in doing so earned additional funding of £14.39m of Provider Sustainability Funding (PSF), exited Financial Special Measures and developed the Medium Term Financial Plan and proposals for future financial sustainability. As an NHS organisation, there are multiple risks to meeting our financial targets, from national changes and restructures to meeting local staffing needs and the increasing costs of goods and services. Our financial planning takes these risks into account and we are now better placed to deal with any financial uncertainties.

Systems and Partnerships – True North objective: to have 95% of A&E patients waiting less than four hours to be admitted or discharge and to reduce referral to treatment below 18 weeks for 92% of patients.

Our long-term systems and partnerships objectives are to have 95% of A&E patients waiting less than four hours and to maintain a referral to treatment (RTT) time below 18 weeks for 92% of patients. In the medium term, we are concentrating on reducing the numbers of patients who visit A&E and wait over four hours and then aren't admitted and are committed to ensuring no patients wait more than 52 weeks for elective treatments.

Trust performance for RTT reduced to 71.1% by March-19. This follows two material changes in 2018/19 relating to transition to an electronic referral system and a transition to a new electronic Patient Administration System. This coupled with workforce constraints in key specialties and non-elective pressure throughout much of 2018/19 have negatively impacted on performance.

A&E performance was also challenging throughout 2018/19. The trust saw, treated, admitted or discharged 84.3% of patients within 4 hours across the year (the performance includes Brighton Station Walk in Centre, and Lewes Victoria and Uckfield MIU attendances). The Trust has worked collaboratively with partners, continued to develop our estate to support A&E and continued to enhance our internal process improvements through a nationally recognized Kaizen improvement programme, which will continue to mature and deliver improvements into 2019/20.

Going Concern

The 2018/19 accounts have been prepared on the basis that the Trust is a going concern as there is no indication that the healthcare and other services will not continue to be provided by the public sector for the foreseeable future. As such, the financial statements do not include the adjustments that would result if the Trust were unable to continue as a going concern. The Group Accounting Manual (GAM) requires the management of the Trust to consider the following public sector interpretation of International Accounting Standard (IAS) 1 in respect of applying the going concern assumption when preparing its financial statements, noting:

“For non-trading entities in the public sector, the anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision for that service in published documents, is normally sufficient evidence of going concern. Department of Health and Social Care (DHSC) group bodies must therefore prepare their accounts on a going concern basis unless informed by the relevant national body or DHSC sponsor of the intention for dissolution without transfer of services or function to another entity. A trading entity needs to consider whether it is appropriate to continue to prepare its financial statements on a going concern basis where it is being, or is likely to be, wound up.” (Government Accounting Manual (GAM) 2018-19 Para 4.12.)

The Trust has not been advised of intention for dissolution without the transfer of services or function to another entity and as such the accounts have been prepared on a going concern basis. The Trust was issued with a 2019-20 control total of £51.148m deficit, excluding Provider and Sustainability Fund (PSF) and Financial Recovery Fund (FRF). The Trust Board confirmed acceptance of the control total through submission of the operational plan.

Further, during 2018/19 there was significant focus on developing a medium term financial plan for the Trust; incorporating the period to the end of 2023/24. Importantly, the plans incorporate the key priorities established during the refresh of the clinical strategy which also took place in 2018/19. The Trust has met with NHSI Executives at agreed intervals throughout 2018/19 to share, test and shape the plans. In addition, the plans have commissioner support and reflect Sustainability and Transformation Partnership (STP) priorities which support the Trust; including recognising BSUH as the tertiary centre.

The Trust is aware, however, of the following conditions which give rise to a material uncertainty and may cast significant doubt about the Trust's ability to continue as a going concern. Against a challenging operational and commissioning landscape the Trust delivered an actual deficit for the year of £63.0m. After adjusting for the impact of impairments and adjustments in relation to donated assets the adjusted deficit is £50.9m.

The DHSC provided deficit funding of £58.2m as revenue support loans in year bringing the total borrowings including capital investment loans to £299.7m at 31 March 2019. The Trust is entering into the third year of the management contract with Western Sussex Hospitals NHS Foundation Trust (WSHT) and NHS Improvement (NHSI). The intention of the management agreement was to provide strong and stable leadership to the Trust for at least three years; following a period of instability and deterioration in all aspects of performance. A process is underway to determine future management arrangements with an expectation that a decision will be made by the Western Sussex Hospitals Foundation Trust's Board by the end of September 2019.

The Trust's 2019-20 cash flow forecast is based on the assumptions contained within the 2019-20 financial plan. The key assumptions underpinning the cash flow are that the Trust will receive revenue support loan funding from the DHSC to finance the revenue deficit, non-recurrent allocations from the PSF and FRF respectively, as detailed in the control total documentation, and Public Dividend Capital to fund the 3Ts capital build and Pathology developments. The deficit support funding is authorised by the DHSC monthly in advance and is conditional on the achievement of the agreed financial control total for the year. Deficit support funding totalling £6.5m for April and May 2019 has been approved by DHSC.

The Trust has agreed an Aligned Incentive Contract with local Clinical Commissioning Groups for 2019/20; with a value of £306m. The Trust has agreed a Payment by Results contract with NHS England Specialised Commissioning for 2019/20; with a value of £169.7m.

BEST OF BSUH

Brighton and Hove Albion stars open new Emergency Care unit

Two of Brighton and Hove Albion's star players, Anthony Knockaert and Bruno, opened the new Emergency Ambulatory Care Unit (EACU) at the Royal Sussex County Hospital at the end of March 2018. The combined ambulatory unit is part of A&E and is one of only a few units in the country where medical and surgical teams work alongside each other to treat emergency patients who do not need to stay in hospital overnight. This allows such patients to move more quickly from initial triage to receiving treatment and frees up space in A&E and on other wards for patients who are more seriously unwell.

£650,000 donation for state-of-the-art helideck fire suppression system

The Royal Sussex County Hospital received a £650,000 donation to fund a state-of-the-art fire suppression system for its new helideck. The money came from the HELP Appeal – the only charity in the country dedicated to funding hospital helipads. Typically used for off shore oil rigs, the Deck Integrated Fire Fighting System (DIFFS) can extinguish a fire within 15 seconds by using a series of nozzles built into the helipad, which spray water and foam. Royal Sussex County Hospital will be one of only five hospitals in the country to have the system in place.

Award-winning Emergency care

The A&E team at the Royal Sussex County Hospital were shortlisted for three HSJ Patient Safety Awards for initiatives involving human factors, ED prompt card and single clerking – which went on to win the Acute Services Redesign Award.

On arrival at A&E, every patient undergoes a process known as clerking – the accurate recording of their symptoms, medical history and any current drug treatment. Traditionally, across the NHS, this is completed twice before a patient sees a senior specialist – once by a junior A&E doctor and once by a junior specialist doctor. The Acute Floor team at the Royal Sussex County Hospital redesigned the process and introduced a new single-clerking method which has halved the time patients have to wait to see a senior specialist.

In December 2018 the A&E team were also recognised as the Emergency Medicine Training Department of the Year by the Royal College of Emergency Medicine (RCEM). The RCEM recognised the trust's in-depth training and mentoring programme for junior doctors and medical students. It also noted that a number of award-winning educational initiatives developed by BSUH are now being used by emergency medical professionals around the world.

Hospital redevelopment wins Considerate Constructors silver award

In June 2018 the 3Ts development of the Royal Sussex County Hospital won a silver award at the Considerate Constructors National Site Awards and in October construction of the stage one building of the £485 million redevelopment passed its halfway mark.

British Medical Journal Awards

Two patient-centred projects from BSUH went head to head in the innovation category of the British Medical Journal (BMJ) annual awards. The first transformed the A&E workforce with a new medical staff rota system which has driven down waiting times,

reduced the number of patients who need to return to A&E after being discharged, reduced turnover of staff and greatly improved educational opportunities for junior doctors throughout A&E.

The other, a project to pilot HIV testing in the community, took the gold prize. HIV testing in the community uses a smart vending machine, piloted in a Brighton sauna, to dispense free HIV self-testing kits to a traditionally difficult to reach group of individuals. The machine was installed in June 2017 and dispensed an average of 35 test kits a month, around eight times more tests than were completed by outreach workers prior to the pilot.

BSUH collaboration with Medical School wins Royal College of Physicians Award

A team of researchers based at Brighton and Sussex Medical School (BSMS) and BSUH were awarded The Lancet research award at the Royal College of Physicians (RCP) Excellence in Patient Care Awards in June 2018. The team won the award for their REDUCe study, which aims to improve end-of-life care in end-stage liver disease. By using palliative long-term abdominal drains (LTAD) in people with end-stage liver disease the team aim to manage patients' symptoms within the community and decrease the number of hospitalisations they have to endure.

Patient First STAR Awards

In 2018/19 BSUH held its inaugural Patient First STARS Awards. At Brighton's Metropole hotel more than 200 BSUH staff and volunteers celebrated the winners in 12 different categories, nominations for which were open to the whole BSUH community including staff and volunteers. More than 370 nominations were received by the judging panel including 20 nominations from patients.

Five-day a week chemotherapy at Princess Royal Hospital

In July 2018, the Princess Royal Hospital (PRH) in Haywards Heath started offering chemotherapy to patients five-days a week, making it easier for local patients to access the treatment. Previously the PRH only offered chemotherapy for two days each week, meaning that if their treatment was booked on any of the other three days of the week, patients who live in Haywards Heath and the surrounding area had to travel to Brighton. Increasing the availability of chemotherapy treatment in Haywards Heath also aligns with the national drive to provide cancer therapy close to home wherever possible.

New Bereavement Suite opens on Royal Sussex County Hospital Labour Ward

In June 2018 a new Bereavement Suite was opened at the Royal Sussex County Hospital's (RSCH) Labour Ward to help more than 100 families a year cope at the most distressing of times. The suite, which is located outside the main ward, has a delivery room and a living room/bedroom. After losing a baby it is very difficult for parents to stay on the labour ward and the suite is designed to give parents and families a quiet and sympathetic environment in which to spend time with the baby they have lost, an important part of the grieving process. The suite was made possible thanks to the generous support of Novus, Abigail's Footsteps and Oscar's Wish Foundation.

BSUH top 15% of hospitals for diabetes services

In July 2018 BSUH was recognised as one of the top performing hospital trusts in the country for helping diabetic patients successfully control their blood glucose levels. The team includes a wide range of specialists including doctors, nurses, dieticians, psychologists and footcare specialists who work with the patients. Care is tailored to

each individual's requirements, helping them to self-manage their condition as much as possible. This approach has been proven so effective that BSUH is now ranked in the top 15% of hospitals in the country by the National Diabetes Audit.

National recognition for maternity care

In August 2018 the trust's maternity units in Brighton and Haywards Heath received confirmation that they scored 10 out of 10 when assessed against a strict set of national safety criteria. NHS Resolution confirmed that the trust is delivering care in line with all of the strict criteria which includes clear and effective plans for staffing levels, all staff are taking part in appropriate training, providing effective ways for patients to give feedback. The trust also demonstrated that it investigates incidents in line with best practice and has a lower number of stillbirths per 100,000 births than the national average.

Free Wi-Fi available across BSUH

In 2018/19 a new, free wi-fi service was rolled out across all the sites run by BSUH. The system gives free internet access to patients and visitors and improves connectivity for clinical services. More than 900 new wi-fi points were set up throughout the trust's wards and clinics to provide wi-fi access both inside and outside the buildings. The introduction of this improved wi-fi system is part of a significant programme of investment in the trust's IT infrastructure in recent years.

Wishing Well partnership with the Royal Alex shortlisted for award

A project which brings live music to the bedside of seriously ill children in the Royal Alexandra Children's Hospital in Brighton was shortlisted for a prestigious patient care award. As part of the "Wishing Well" partnership between the Rhythmix charity and staff at the Royal Alex, the musicians come to the critical care unit three times a week. Their music helps relieve some of the stress, anxiety and isolation that children and families can experience in hospital and the musicians are trained specifically to work in hospital with children of all ages, abilities and needs.

BSUH awarded 'veteran aware' status to mark end of First World War centenary

In November 2018, as the nation marked the 100th anniversary of the end of World War One, BSUH was one of 24 organisations across the UK to be accredited as 'veteran aware'. The accreditation was awarded by the Veterans Covenant Hospital Alliance, which is made up of national bodies including NHS England, the Department of Health and Social Care, the Ministry of Defence and the Confederation of Service Charities. It means that the trust has been recognised for providing training and education for staff on the specific needs of patients who have served in the UK armed forces.

Volunteer receives award for over 35 years of service

In December 2018, a volunteer who works in A&E at the Royal Sussex County Hospital received an award for her outstanding 35 years of service. Bidge Garton, uses her skills to help counsel the recently bereaved and give advice on the subject of organ donation. She has played a part in the trust's response to many noted occasions in Brighton's history including the bombing of the Grand Hotel and the Fatboy Slim Concert on Brighton beach in 2002 which attracted an unprecedented 250,000 people.

New ward opens at Royal Sussex County Hospital

In February 2019 a new 18-bed ward which will provide specialist care for trauma and orthopaedic patients opened at the Royal Sussex County Hospital. The ward is part of an ongoing programme to improve and develop services across the trust and will enable the patients to receive the specialist treatment and care they need, in the right setting, whilst relieving pressure on the Emergency Department. In addition to the opening of the new ward the trust is working with community partners on a range of measures to help medically ready patients leave hospital sooner.

NHS 70 celebrations

July 2018 saw celebrations across the country to mark the 70th birthday of the National Health Service and BSUH held a number of staff and stakeholder events to play its part.

Special birthday hampers were delivered to over 900 wards, departments and teams across the trust on Thursday 5 July. Supported by some generous local companies, the hampers were a simple gesture to say 'thank you' to all of the staff throughout our hospitals for their hard work and commitment.

There were Birthday Boards located in each of our hospitals which were filled up with handwritten messages of thanks, support and gratitude, as well as amusing stories from across the years and some heartfelt artworks, especially on the Birthday Board in the Royal Alexandra Children's Hospital.

Across all of our hospitals, teams marked this special anniversary with a wider variety of events, competitions and celebrations. We ran an NHS70 kids' drawing competition for the family members of our staff, which received more than 100 entries. And Nicky Caley (Lead for BSUH@Pride2018) and Jess Burgess (BSUH Charity Fundraising Manager) were interviewed about Pride, our LGBTQ+ Network and The NHS Big7Tea Party by local channel Latest TV.

Our Patients

We constantly strive to give our patients the best possible treatment and care and we encourage patient feedback to help inform improvements to our services.

The Friends and Family Test (FFT) provides a national benchmark for all NHS hospitals. All adult and paediatric inpatients that have stayed at least one night in hospital or attended A&E, and 30% of all outpatients, are asked the question: "How likely are you to recommend your ward/ Outpatients or A&E Department to friends or family if they needed similar care or treatment." Patients can respond with one of six options ranging from 'extremely likely' to 'extremely unlikely'. The results of this are also reported to the Trust Board each month. Further to the mandatory question we also ask patients to provide comments on why they gave that particular score.

From 1 April 2018 (FFT) data has been collected electronically across all areas of the Trust. This feedback is collected via SMS (text message on a mobile phone) or Interactive Voice Message (IVM via landlines if mobile number not available). In 2018/19 25% (85,279) patients have provided their feedback in this way compared to less than 10% in 2017/18. This means that an additional 70,000 patients have given their views about the quality of the treatment and care they received at our hospitals and this is above the national response rate.

The SMS and IVM system allows patients to provide considered responses once they have left hospital premises and without the involvement of healthcare professionals, meaning generally less bias in the feedback provided. The increased response rate has resulted in a far wider range of themes being reported which can now be analysed and quickly acted upon. All departments and wards now have access to a live dashboard of their results, accessible online, detailing comments and voice recordings, through the collection service. Patients can view the FFT score, monthly, on the Trust's website, NHS Choices and NHS England's website.

Whilst we have not yet achieved the 96% recommend rate, our True North, there has been a month on month increase during 2018/19, with the recommendation rate being 92.4 in April 18 and 94% in March 19. It is important to note, when compared with similar acute Trusts using the same survey methodology, that BSUH was the highest performer, with other Trusts reporting an average 91% recommend rate.

In our Emergency Departments, the recommendation rate and response has remained above the national average at 90% despite the departments seeing a large rise in the number of people attending.

In 2018/19 the trust worked with NHS England's Insight & Feedback Team who ran a development project reviewing the operation of the Friends and Family Test (FFT) and how it could be improved. From September – mid October the Trust piloted a new question, as part of the national development group. Rather than asking our patients 'would you recommend this service to Friends and Family' which we know can be difficult to understand, patients were asked 'Overall how was your experience'. During 2019/20 new guidelines will be released following this project outlining the changes, and our pilot and additional information provided is likely to form some of the new FFT operation.

The additional information that is now available to the Trust has been able to support improvement projects across the Trust via Patient Experience Improvement

Huddles. These meetings are held weekly and enable select wards and departments to use the FFT data to drive improvement projects in line with the Patient First Improvement System (PFIS).

In 2018/19 98% of informal concerns were resolved within 25 working days and 75% of formal concerns were closed within the same timeframe.

In 2018/19 we have continued to work with Healthwatch to peer review anonymised information about our complaints. During this time Healthwatch volunteers have undertaken a quarterly review providing feedback to the Trust on the standard and quality of the response which is used to inform future complaints practice. We now also meet quarterly with Possibility People, a charity which supports disabled people, so our patients with a disability can raise concerns and we can information share.

The breakthrough objective for Patient Experience in 2019/20 is focused on improving communication at discharge. Through analysis of the all Patient Experience data we understand how important it is for our patients to have a successful and supported discharge, as well as the improvements this can have on clinical outcomes.

For 2018/19 our overall Friends and Family Test results for Inpatients were:

	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19
National Recommend	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	tbc
BSUH Recommend	92%	92%	94%	93%	92%	94%	93%	94%	94%	94%	93%	94%
National Response	25%	26%	25%	25%	25%	25%	25%	25%	22%	24%	25%	tbc
BSUH Response	30 %	52%	40%	26%	26%	28%	28%	26%	24%	25%	25%	24%

For 2018/19 our overall Friends and Family Test results for Emergency Department were:

	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19
National Recommend	87%	87%	87%	87%	88%	88%	87%	87%	86%	86%	85%	tbc
BSUH Recommend	90%	89%	91%	90%	90%	90%	90%	90%	90%	89%	87%	89%
National Response	13%	12%	13%	13%	13%	12%	12%	12%	11%	12%	12%	tbc
BSUH Response	22%	20%	18%	20%	20%	21%	21%	15%	15%	12%	17%	18%

For 2018/19 our overall Friends and Family Test results for Outpatients were (response rate not recorded):

	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19
National Recommend	94%	94%	94%	94%	94%	93%	94%	94%	94%	94%	94%	tbc
BSUH Recommend	94%	93%	94%	94%	94%	95%	94 %	93%	96%	94%	94%	94%

For 2018/19 our overall Friends and Family Test results for Maternity (Birth) were:

	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19
National Recommend	97%	97%	97%	97%	97%	96%	97%	97%	97%	97%	97%	tbc
BSUH Recommend	97%	97%	94%	99%	97%	97%	99%	98%	99%	97%	94%	98%
National Response	23%	22%	21%	21%	20%	20%	21%	21%	18%	22%	22%	tbc
BSUH Response	22%	25%	21%	22%	19%	21%	21%	21%	21%	21%	18%	20%

Annual NHS Inpatient Survey results 18/19

On an annual basis BSUH surveys a selection of adult inpatients; this survey is undertaken on our behalf by a company called Picker, who also provides this service for around 2/3rds of NHS trusts. In 2018 we surveyed 1157 adult inpatients in the month of July and 496 patients returned a completed questionnaire. As this survey is nationally undertaken every year we are able to compare how we have improved care over a long period of time. The survey looks at eight key areas:

- Admission to Hospital
- The Hospital and Ward
- Doctors
- Nurses
- Your care and treatments
- Operations and procedures
- Leaving Hospital
- Overall

In 2018/19 98% of our patients feel they were treated with respect and dignity and were in the In top 25 of Picker Trusts for positive score change (77 Acute Trust's surveyed by Picker). The Trust improved in every question in the nurses section with 40% having a score significantly better than the Picker average.

There were 5 questions that BSUH were Significantly Better than Picker average, these being

Hospital: staff completely explained reasons for changing wards at night

Nurses: had confidence and trust
 Nurses: knew which nurse was in charge of care
 Care: staff worked well together
 Care: was involved as much as wanted in decisions

On 3 questions BSUH was worse than the Picker average, these being

Hospital: did not share sleeping area with opposite sex, this is the same as the previous year.

Hospital: food was very good or good +3% from last year.in April 2019 a new food provider has been engaged.

Overall: asked to give views on quality of care

The Trust has developed an improvement plan to improve the areas identified above.

Formal and Informal concerns

Since April 2018 all concerns received by the Trust are categorised and managed as informal or formal concerns. This means that all concerns raised, whether in writing or verbally, are acted upon by either the Patient Advice and Liaison Service (PALS) or the Complaints team.

Due to changes in the categorisation of concerns raised there are differences in the data sets from previous reports.

Formal concerns

In 2018/19, 6069 concerns were received by BSUH. Of these, 1915 (32%) were formal concerns.

In the same timeframe 0.6% of all formal complaints were accepted for investigation by the Parliamentary and Health Service Ombudsman and, of these, 0.1% were either partially upheld or upheld.

	2015/16	2016/17	2017/18	2018/19
Total number of complaints	1799	1792	1716	1915
Number of complaints accepted by the Ombudsman	32 *From this time the PHSO resolved to investigate a higher number of complaints than previously	19	9	12
*Number of these complaints upheld by the Ombudsman	2	2	0	1
*Number of these complaints partly upheld by the Ombudsman	15	4	2	1

**This data reports only on the outcome of complaints received within the specified financial year. Previous reports have counted complaints upheld or partially upheld that were received outside of these timeframes*

Informal Concerns

Of the 6069 concerns received by BSUH In 2018/19 4154 (68%) were resolved informally. Our Patient Advice and Liaison Service (PALS) triages concerns raised by patients, their relatives and carers, in order to help assist them as quickly as possible and in the most appropriate way. In 2018/19 there was an increase of 25% in concerns being managed this way.

2015/16	2016/17	2017/18	2018/19
2968	3089	3099	4154

Compliments

During 2018/19 we have changed the collection and recording of compliments received by the Trust from our patients and their families and carers to reflect the actual number of plaudits received (previously batch recorded by ward).

2015/16	2016/17	2017/18	2018/19
461	364	988	1618

Our People

BSUH NHS Trust is the proud employer of almost 9,000 people. Each and every one of those people enables us to provide high quality care to the people of Brighton and Hove and East and West Sussex. Below is an analysis of our staff on a whole time equivalent basis rather than the number directly employed, the column other relates to staff who work for the Trust through our internal staff back.

(Subject to audit)

Average number of employees (WTE basis)	Group		2018/19	2017/18
	Permanent Number	Other Number	Total Number	Total Number
Medical and dental	1,142	21	1,163	1,114
Ambulance staff	15	-	15	15
Administration and estates	2,012	110	2,122	2,025
Healthcare assistants and other support staff	314	14	328	323
Nursing, midwifery and health visiting staff	3,134	440	3,574	3,484
Nursing, midwifery and health visiting learners	-	-	-	-
Scientific, therapeutic and technical staff	525	16	541	519
Healthcare science staff	285	15	300	295
Other	-	-	-	1
Total average numbers	7,427	616	8,043	7,776
Of which:				
Number of employees (WTE) engaged on capital projects	6	2	8	3

Recruitment 2018/19

A number of large scale external recruitment campaigns have been held over 2018/19. At the Nursing Times 'Careers Live' event in Brighton Chief Nurse Nicola Ranger, was the keynote speaker and we were headline exhibitor as the local acute Trust. The event provided a great opportunity to showcase our Trust and resulted in 87 nurses registering their interest with us and 8 Nurses being interviewed and appointed on the day itself.

Prior to this the Trust ran a large New Year campaign to attract new Nurses from outside of the area using the main concourse advertising at Victoria station with the campaign #BetterinSussex. This campaign will continue throughout 2019.

The Pride event in 2018/19 was also very successful and a clear spike in applications to work at the Trust were received after the event. The planning for the campaign for Pride 2019 is currently underway to ensure we capitalise on our previous success and a team are working hard to make it a success again.

Recruitment have also been working to support the application for the Gold Covenant which is a mark of confidence that ex members of the armed forces will be welcomed and valued within the Trust (when applying for roles as part of their transition into civilian life.) We currently hold the Silver Covenant and the results of our application for Gold will be known later in 2019. This work gives the Trust a strong foothold into recruiting soon to be ex-military staff, who are recognised as being of high calibre and have been well trained in a variety of professions.

Recruitment open days have continued throughout 2018/19, supporting recruitment initiatives for Nurses, Volunteers and Facilities Management staff in particular and these have been very successful. They have been finely tuned to ensure they provide the best use of Trust resources and the smoothest possible candidate journey. Open days provide an opportunity for Managers to interview applicants and members of the recruitment team are on hand to progress the 6 key NHS checks, reducing time to hire. This year we have continued our focus on Nursing and successfully appointed 127 HCA Band 2's, 31 Band 3 HCA's, 8 Nursing Associates and 194 Band 5 nurses.

Medical Recruitment

Over the last year the Medical Recruitment team has continued to work in partnership with the Emergency Medicine department to advertise and recruit into the department. The Emergency Department has been nationally recognised for its use of self-rostering and protected time for teaching, simulation and projects, helping to promote the team and ensure posts are attractive to potential recruits.

Clinical Fellow posts have remained popular and helped reduce the use of locum cover within the department. Alternative ways of staffing the Emergency Medicine Department at Princess Royal Hospital have been explored and to date three senior GPs have been appointed. There are plans to appoint more in the forthcoming year.

Medical Recruitment processes and procedures have had a full review, resulting in improved new starter processing and enhanced candidate experiences.

The Trust complies with all the requirements of NHS Employment Standards and ensures that all necessary checks and clearances are carried out prior to employing an individual.

Equality, Diversity, Inclusion and Human Rights

BSUH aims to ensure that principles of equality, diversity and human rights are embedded throughout every part of the organisation. The Trust promotes equality and diversity, challenges discrimination wherever it happens, and promotes equality in service delivery and employment.

The Trust's Equality, Diversity and Human Rights Policy sets out the Trust's aims and goals. A copy of the policy can be found on the Trust website.

To achieve these aims the Trust is committed to:

- Promoting equality of opportunity for all;
- Promoting an inclusive environment in which all persons are treated with respect;
- Fulfilling all of its legal obligations under the equality legislation.

Equality and Diversity at the Trust is led and monitored by the Chief Executive Lead Diversity Matters Steering Group.

The Board remains committed to further improving the working lives of our people and ensuring BSUH is an open and inclusive employer. The Leadership, Culture and Workforce programme (LCW) was created in 2017/18 to support and enable this work, which has Executive ownership and leadership. Equality and Inclusion is one of the 13 workstreams, and is led by our Chief Executive, Dame Marianne Griffiths.

BSUH has been a 'Two Tick' employer since 2002 (now Disability Confident Employer Level 2). All new employees are given the opportunity to indicate if they need additional support under these schemes. We widely advertise this on our website, in our recruitment literature and on our Equality information site. Our commitment is also highlighted within our Equality, Diversity and Inclusion Policy. This applies equally for current staff moving from one position to another and external candidates.

For those staff who regrettably have become disabled during their employment, if necessary to support staff, we apply the Equality, Diversity and Inclusion Policy, Sickness Absence Policy and, if required, the Disability and Reasonable Adjustments guidelines.

The Trust was also assessed against the set of nine metrics of the Workforce Equality Standard (WRES), used to help spotlight any disparity of experience between our White and Black and Minority Ethnic (BME) staff. This is a national standard and we are seeing improvements year on year. At our WRES Conference last May (2018), a WRES Working Group was formed and this group have helped to formulate a three year Action Plan (2018 – 2021), which was fully adopted by our Board in October 2018.

The Equality, Diversity and Inclusion Team (EDI) continue to facilitate both general and specialised training sessions. Some of these have included how to Support Staff who are transitioning and they have updated the guidance on this "Guidelines for Supporting Trans Patients and Staff", sessions have also been on Accessible Information, Hate Crime and many other aspects relating to Inclusion. EDI continue support both face-to-face and online learning – thus enabling us to ensure that the workforce are aware of their duties and responsibilities under equality legislation.

The NHS Accessible Information Standard was launched in July 2016 and BSUH has made significant strides to ensure that we are better meeting the needs of our patients who have additional communication support needs. Working with our Learning Disability Liaison Team we have more information that is available in Easy Read, we provide Sono Personal Listening devices for patients who are hard of hearing, and may need assistance whilst they are visiting/using our services. We have also provided a Hospital Communication book on wards and departments which are pictorial and helps enable greater communication between our patients and health providers. We also continue to provide British Sign Language Interpreters (BSL) for patients who require this and have seen an increase in the usage of Braille translations for our patients.

Emergency Preparedness, Resilience and Response (EPRR)

BSUH continues to be committed to developing and maintaining prepared and resilient services by taking a proactive approach to Emergency Preparedness, Resilience and Response (EPRR).

Our major achievement in this reporting year was that we undertook our 3 yearly live major incident exercise in September 2018.

It is a testament to the commitment we feel to our patients and our colleagues that so many BSUH staff and volunteers could come together for this event.

The exercise was very well received with a total of 95 BSUH staff and volunteers participating, 33 medical students acting as casualties and support from 11 colleagues from our local health organisations and emergency services.

A report was produced which highlights the areas that went well and an action plan for improvements which will be monitored through the Resilience Forum to ensure the recommendations are taken forward.

Following the exercise we also produced an updated 'Major Incident Plan' which includes new advice drawn from lessons learnt around the most recent UK terror attacks.

During 2018/2019 we also:

- continued to support BSUH Services and Divisions in updating their service level business continuity plans.
- actively planned for an EU Exit, attending regular EU Exit meetings and undertaking an EU Exit table top exercise.
- facilitated the BSUH Resilience Forum meetings
- supported senior management in operational issues and incidents including, IT outages, phone disruptions and a critical capacity incident
- produced a new loggist training course and are training new decision loggists.
- continued to work with the Sussex Trauma Network to support their ambitions.
- continued to work with the Communications Team to improve our communications with our staff and the public, including increasing our use of social networking to enhance our messages internally and externally.

- supported our adult Emergency Departments in ensuring we continue maintain our capability to respond to a Chemical, Biological, Radiological, or Nuclear attack or accidental exposure to a hazardous material.
- continued to support and contribute to the work of Sussex Resilience Forum and we are a key member of Sussex Local Health Resilience Partnership.

Research and Innovation

Clinical research is essential for improving care for patients, providing evidence on the efficacy of new healthcare treatments and furthering our understanding of the underlying causes of illness. That said it is only possible to answer those important questions if the public and patients continue to volunteer to take part in research studies. It is commonly cited that patients cared for in a research study and more generally those treated in a research-active environment have better outcomes. Whilst it is often the case for those engaged in clinical trials that offer novel treatment options many patients who volunteer to take part in the research projects will receive no personal benefits but they take part recognising they can still make a valuable contribution to our understanding of the cause and effect of illness. They do this by completing questionnaires, donating blood and tissue samples, or attending the hospital to have scans and physiological measurements. At Brighton and Sussex University Hospitals 4056 patients volunteered to participate in one of the 192 clinical research projects being conducted in Brighton and Haywards Heath during 2018/19.

We support a diverse portfolio of National Institute for Health Research adopted projects. These are projects that meet high standards of peer review and are considered to be of a priority to the health of the nation, our local population and the NHS. Many of the projects are multi-centre studies conducted through strategic partnerships with universities, the pharmaceutical and medical device industry, charities and other NHS trusts. In addition to these the trust holds funding and manages a number of projects through our Clinical Research Facility and a Clinical Trials Unit. The main focus of our own research themes is cardiovascular disease, HIV and infectious disease, liver disease, neurology, rheumatology and paediatric medicine. We are the lead centre for a number of projects running nationally and internationally that cover a diverse range of themes from the development of information technology platforms to improve patient services in areas such as HIV medicine through to the development personalised healthcare for asthma sufferers.

The research team would like to extend their thanks to all of the patients, carers and parents who have given up their time to support our research programme.

Our Capital Plan

The Trust's Capital Plan is comprised of two components: strategic capital and operational capital. The strategic capital plan is the budget spent on major projects in varying stages of development, including:

1. 3Ts development (£67,625k);
2. Completion of new Radiotherapy facilities in East Sussex (£1,291k);
3. Creation of additional winter beds (£5,963k);
4. Estates infrastructure backlog maintenance (£9,000k);

5. Replacement Radiotherapy facilities on the Royal Sussex County Hospital (RSCH) site (£2,296k); and
6. Three new IM&T systems (£1,794k).

Development of the operational capital plan followed an extensive prioritisation process and Board approval in March 2018. During the year BSUH successfully delivered 83 separate investments totalling £18,007k. These covered a wide range of investments linked to clinical divisional priorities (including service developments), medical devices, backlog maintenance in the estate and IM&T infrastructure and systems. This expenditure included £1,204k of charitable funds.

3Ts Redevelopment

The redevelopment programme at the Royal Sussex County Hospital is in the full construction phase for both the helideck and the larger of the two new clinical buildings. The programme of works has been planned to ensure all clinical services can continue to be delivered on site throughout the redevelopment.

Stage 1 Building

The Stage 1 Building will be a state-of-the-art clinical facility, standing on the south east quarter of the hospital site. It will house a mixture of specialist, general and outpatient services.

Over the past year the Stage 1 building has changed beyond recognition. From foundation and basement works below ground level in March 2018, it has progressed to a point where the outer cladding is being installed across much of its eleven storeys.

The building's framework will be complete in spring 2019 and will be marked in a "topping out ceremony" shortly thereafter. The external cladding is nearing completion on the east and west faces of the building and the windows are now being put in place in these areas. Work is underway on the three storey vestibule that will run along the front of the building. It will house the hospital's new main entrance and its reception, waiting, retail and heritage areas.

The building will be fully weatherproofed by the end of 2019. The full focus of the construction programme will then shift to fitting out the inside of the building, a process that has already started on its lower floors. The tunnel on level 1 between the new building and the Thomas Kemp Tower is complete. It will allow patients, visitors and staff to enter the site from the Stage 1 Building and get direct, level access to the lifts in the Tower. This is one of the many significant improvements the redevelopment will make to access around the hospital.

Laing O'Rourke received a Silver Award from the Considerate Contractors Scheme during the year and is hopeful of improving upon that in 2019. This award means that the 3Ts Redevelopment is one of the top performing projects in the country, across the 50 performance areas that the scheme scrutinises.

The Trust team has been busy working with staff groups to start the process of planning the transition into the new building. A particular innovation has been the development of a Virtual Reality system, which is based on videogame technology, to allow staff to "walk" around the new building and see their new working environments exactly as they will be,

two years before they are due to move in. This is the first time this has been done in the NHS for a building under construction.

The Stage 1 Building will be ready to receive the transfer of services in the winter of 2020/21.

Helideck

The helideck is being built three storeys above the top of the Thomas Kemp Tower, making it eighteen storeys high compared to the front of the hospital. It is believed to be the highest hospital helideck in Europe, measuring from sea level.

All the scaffolding and the tower crane used in the construction of the helideck have now been removed, and the helideck itself is complete. Thanks to a further generous donation from the HELP Appeal (which provides funding to hospital helidecks/helipads) the trust was able to install a Deck Integrated Fire Fighting System (DIFFS) which can automatically extinguish fires. The Royal Sussex County Hospital (RSCH) helideck is only one of a handful in the country which has this facility.

The trauma lift, which will transfer the patient from the helideck directly to the Emergency Department, is nearing completion. The helideck facility as a whole will be complete by the end of 2019.

Building the helideck has been an incredibly complex technical exercise. The trust's team, developers Laing O'Rourke, their sub-contractors and the staff of the Trevor Mann Baby Unit have worked closely together to ensure that disruption has been kept to an absolute minimum. Laing O'Rourke staff members have also raised around £5,000 for the Trevor Mann Baby Unit as part of their charitable activities.

Future Programme

Wards and services from the Barry Building and surrounding facilities will move into the Stage 1 Building when it is complete in the winter of 2020/21. This will clear the way for the construction of the Stage 2 Building on the south west quarter of the site.

Our Charity

BSUH Charity has existed in its current form in 1995. Since that date, the many kind donations to the charity have had a significant impact on the care we provide to our patients.

As the trust's own dedicated charity, BSUH Charity supports fundraising for all wards and departments. This includes our four hospitals: the Royal Sussex County Hospital, the Royal Alexandra Children's Hospital, the Sussex Eye Hospital and the Princess Royal Hospital. Supporters donations are used to enhance the care and services provided to BSUH patients above and beyond what we can do with core government funding.

Our Charity vision: Improving the experience of every patient

Our core priorities:

- Creating more patient friendly environments
- Providing equipment for diagnosis and treatment
- Supporting staff development to provide even better care
- Advancing our understanding through research projects

Some of the ways we've helped to make it even better for our patients this year:

- A state of the art holmium laser paid for by charitable donations means staff can deliver minimally invasive treatment for urology patients at the Princess Royal Hospital. Being able to treat kidney stones in a relatively non-invasive way is great for patients and good for hospital efficiency.
- Sussex Rehabilitation Centre (SRC) bought eight wheelchairs with charitable donations. SRC is based at The Princess Royal Hospital and treats patients that have suffered moderate to severe neurological damage, often brain damage. The wheelchairs give patients freedom whilst learning how to walk again, at a challenging time in their life; a time when they have lost the ability to walk, and for some sit without specialist support
- Thanks to the generosity of supporters of the BSUH Charity, a fully automated specular microscope was delivered to the Sussex Eye Hospital. The microscope uses a non-invasive technique to take images of the structure and cellular make-up of the cornea. After only a couple of minutes, technicians can print out results of the procedure which show the curvature of the eye, the number of healthy cells, and other information needed for diagnosis and treatment.
- Patients visiting the Breast Care Centre at Preston Park had some additional relief from 2018's warm weather when charitable funds were used to buy cooling fans. The floor fans are available for use in the centre's internal consultation rooms, which were getting rather stuffy during the long hot summer.
- Charitable funds allowed BSUH staff to attend a variety of training and conferences across disciplines, bringing back knowledge to benefit patients. For example, four members of the Sussex Kidney Unit team attended the 'Advancing Dialysis: Now and for the future', conference in Manchester in 2018. The experience helped the unit in their planning for which equipment, techniques and treatment plans would be most suitable for patients in the future.
- The Intensive Care Unit, was able to purchase neuroanatomy models (3D models) to help bring new research and treatment methods to life on study days. The 3D models help make difficult neuroanatomy concepts easier to understand. The nursing team can now see and touch the conditions they learn about, bringing a whole new dimension to their further education.

Fundraising

- This year saw BSUH Charity join with NHS Charities around the UK in marking the 70th anniversary of the founding of the NHS. The focus of this was the national NHS Charities Big 7Tea campaign which encouraged people to celebrate one of the nation's most loved institutions than with a cup of tea. Bake sales were held by BSUH staff and supporters including at Peacehaven Community School and St George's Church, Kempton. The Mayor of Brighton popped in to a Big 7Tea Party at Asda in Hollingbury, and NHS staff were offered a free hot drink in July as a thank you for their work.

- A team of 13 from the Intensive Care Unit at the BSUH NHS Trust cycled around 175 miles to a conference in Paris in October. The group, which included ICU doctors and nurses, raised more than £6,000 towards for new equipment to help their patients' rehabilitation.
- BSUH Charity again looked to share festive cheer with a Christmas jumper Day as part of a Spreading Christmas Smiles Campaign. Raising funds towards providing a Christmas meal for staff who worked on Christmas Day and offering mince pies to BSUH patients in our hospitals that day.
- Hidden Genius events were held at which staff delivered short talks of around 10-15 minutes offering a fascinating insight into a side of the speaker that their NHS colleagues may not have been aware of from storytelling to archery, and music therapy to opening a shop. Attendees were invited to make a donation to the charity.

Partner charities

We are grateful for the work our partner charities do to raise funds for BSUH hospitals and patients.

Our partner charities are listed below.

- [Early Birth Association](#) (Reg Charity No 286727)
- [Friends of Brighton and Hove Hospitals](#) (Reg Charity No 209414)
- [League of Friends of the Princess Royal Hospital](#) (Reg Charity No 257130)
- [League of Friends of the Hurstwood Park Neuro Centre](#) (Reg Charity No 263171)
- [Rockinghorse](#) (Reg Charity No 1018759)
- [Sussex Cancer Fund](#) (Reg Charity No 1147195)
- [Sussex Stroke and Circulation Fund](#) (Reg Charity No 297807)
- [The Sussex Heart Charity](#) (Reg Charity No 11209)

Performance Analysis

Key Performance Measures

National Standards and Waiting Times

Indicator	Standard/Threshold	2018/19	2017/18	2016/17
18w RTT - Percentage of incomplete pathways waiting less than 18 weeks	92%	80.3%	85.5%	78.0%
18w RTT - Numbers of over 52-week waiters during the year	0	34	747	1786
Diagnostic Tests waiting longer than six weeks - percentage of all waiters	1%	14.7%	2.0%	1.9%
Operations cancelled on the day not re-booked within 28 days	0	107	90	54
Number of urgent operations being cancelled for the second time	0	8	16	14
A&E - Percentage of patients who spent four hours or less in A&E	95%	84.29%	84.28%	82.69%
A&E - Numbers of patients who have waited >12 hours in A&E from decision to admit	0	238	146	50
Cancer: Two week wait referral to date first seen	93%	87.5%	94.15%	93.3%
Cancer: Two week wait referral to date first seen - breast symptomatic	93%	91.8%	95.84%	97.18%
Cancer: 31 day wait from diagnosis to first treatment	96%	97.8%	99.20%	98.1%
Cancer: 62 day wait for first treatment from urgent GP referral	85%	71.0%	76.62%	76.69%
Cancer: 31 day wait for second or subsequent treatment - surgery	94%	98.1%	99.11%	95%
Cancer: 31 day wait for second or subsequent treatment - chemotherapy	98%	99.9%	99.50%	99.18%
Cancer: 31 day wait for second or subsequent treatment - radiotherapy	94%	99.2%	99.53%	97.99%
Cancer: 62 day wait for first treatment from referral from NHS cancer screening service	90%	66.6%	69.95%	76.23%

Indicator	Standard/ Threshold	2018/19	2017/18	2016/17
Emergency re-admissions within 30 days of discharge (%)	10.5%	8.50% **	8.56% **	11.96%
Stroke: % of patients who spend > 90% of time on stroke unit	80%	84.36%	81.92%	85.71%
Stroke: % admitted directly to stroke unit	90%	63.21%	63.35%	67.52%
Stroke: % scanned in less than one hours of hospital arrival	50%	71.88%	70%	67.31%
Stroke: % of patients scanned within 24 hours	100%	99.65%	100%	98.95%
Stroke: % of high risk TIA cases treated in 24 hours	60%	75.55%	77.53%	85.31%
Stroke: % of low risk TIA patients seen in seven days	100%	99.25%	99.48%	98.76%
Delayed Transfers of Care (DToC)	3.5%	5.5%	6.37%	8.05%
Number of falls resulting in moderate or severe injury, or death	-	15	21	19
Number of cases of MRSA bloodstream infections	0	1	1	2
Number of C. Difficile infections	46	44 to Feb	56	51
"Never Events" reported	0	2	4	5
Summary Hospital Mortality Indicator (SHMI)	100	93.87 **	98.19 **	97.59 **
Hospital Standardised Mortality Ratio (HSMR) - all week	100	96.5 **	98.4 **	93.75 **
Hospital Standardised Mortality Ratio (HSMR) - weekends	100	93.33 **	96.36 **	102.58
Emergency Caesarean Section rate	13%	17.5%	17%	14.52%
Percentage of completed VTE risk assessments	95%	92.60%	93.14%	91.5%
Number of single sex accommodation breaches	0	635	661	923*

*Prior to May 2016 the Trust reported in line with a local agreement that was established between NHS Sussex and BSUH in 2011 and is now out of date. This stated that if there was a screen dividing women and men, they could sleep in the same bays. In the reporting year NHSI, our CCG and deputy chief nurse agreed that this did not address the issue and we began reporting all incidents of mixed sex breaches, if not for clinical reasons, hence the significant increase in numbers reported. There is an ongoing piece of work across Sussex to look at how this is reported, as each Trust seems to use different criteria. Ongoing work is being undertaken across the Trust to reduce the frequency of mixed sex accommodation breaches.

** being below the target / threshold is an indication of good performance

Operational Performance 2018/19

BSUH uses a Performance Framework and associated governance to ensure sustained delivery of key measures based on the principles of the Balanced Scorecard. This framework ensures scrutiny, assurance, and where necessary, remedial actions and follow through to compliance recovery. The structure of this framework was developed in quarter 4 of 2017/18 and ensures oversight through:

- Directorate review of departmental/ward delivery
- Divisional Management Board review of associated Directorates
- Divisional Performance Reviews (SDRs) undertaken by the Trust Executive
- Monthly performance review by Trust Board

Each layer of review and action considers both the key access targets and outcomes objectives used to assess operational performance under the Single Oversight Framework, and a wider set of balanced scorecard indicators that have been selected to provide a more complete view of operational risks and interdependencies. The review process is underpinned by an extensive suite of business intelligence tools designed to show outcomes, but also the drivers of potential compliance risks such as changing demand profiles.

Regulatory standards

The operational performance of BSUH is measured against key access targets and outcomes objectives set out in the Single Oversight Framework drawn up by NHS Improvement, the regulator of health care organisations. These are:

- A&E maximum waiting time of 4 hours from arrival to admission/transfer/discharge
- Maximum time of 18 weeks from point of referral to treatment (RTT) in aggregate – patients on an incomplete pathway
- All cancers – maximum 62-day wait for first treatment from:
 - urgent GP referral for suspected cancer
 - NHS cancer screening service referral
- Maximum 6-week wait for diagnostic procedures

Performance summary:

Single Oversight Framework	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Target
A&E : Four-hour %	86.5%	87.7%	87.3%	88.0%	83.7%	85.6%	84.1%	83.5%	82.5%	80.6%	78.5%	83.6%	95%
Cancer: 62 days GP ref to treatment	78.7%	80.0%	70.9%	70.9%	71.4%	74.1%	71.6%	75.2%	65.7%	63.8%	60.2%		85%
RTT - Incomplete - 92% in 18 weeks	83.0%	83.4%	83.9%	83.8%	83.0%	81.7%	81.5%	82.3%	78.4%	77.4%	73.7%	71.1%	92%
6-week wait for diagnostics	7.3%	6.4%	7.9%	7.6%	10.2%	17.9%	16.3%	16.6%	21.6%	24.5%	20.1%	19.7%	<1%

A&E

It has been a challenging environment throughout 2018/19 with the trust observing a significant increase in emergency demand. Performance for the year is below the National target of 95%. However, despite the increase in demand, performance for the for the BSUH A&E catchment (including Brighton Station Walk In Centre, and Lewes Vic and Uckfield MIUs), was consistent with performance in 2017/18.

The Trust has continued a focussed programme of work in 2018/19 to improve performance through nationally recognised improvement methodologies with support from the in-house Kaizen team to target process improvements throughout the patient emergency pathway. The Trust has also undertaken development of estate and configuration of the emergency departments to increase capacity and enhance flow (such as for ambulatory care patients and GP streaming). In February 2019 the bed capacity at the Royal Sussex County Hospital was increased by eighteen following the opening of a new surgical ward. Further bed capacity expansion to support flow improvements is planned in 2019/2020.

Additionally, the Trust has engaged and co-ordinated aligned resilience plans in the wider Local Health Economy, through the Brighton CCG chaired Local A&E Delivery Board, and wider regional acute partners for escalation to target reduced delayed transfers of care, to free up bed capacity and enhance patient flow.

Referral To Treatment (RTT)

The Trust's RTT performance has been variable across the year with a reported performance of 82.3%. Performance has dropped considerably since November, with performance at the end of March 2019 being 71.1%. Winter pressure has deleteriously affected RTT performance, with reductions in routine elective inpatient activity in favour of clinically urgent, cancer or emergency patients occurring between December 2018 and March 2019. This alongside specialty specific workforce constraints, and two significant administrative changes (transition to electronic referral system, and change of Patient Administration System) have contributed to the drop in performance. The Trust is targeting long waiters and an increased level of elective activity in 2019/20 to recover RTT performance.

Cancer 62-day Performance

The Trust did not meet the 85% 62-day target in 2018/19 and has achieved an average of 71.0% (to February 2019) in 2018/19, a worsened position from 76.6% April 2017 to Feb 2018. Work to target recovery at an anatomical site level, in the context of increasing demand is planned to recover cancer performance in 2019/20. A focus on improving the waiting times for diagnostics will also contribute to the improvement in this standard.

Diagnostic 6-week waiters

Trust performance fell to an average of 14.7% over 6-week waiters in 2018/19 against the 1% national target. The Trust observed significant capacity pressure in imaging modalities and endoscopy due to workforce and equipment constraints and demand increases. The Trust has in place robust recovery plans into 2019/20 with increased levels of capacity being sourced both from Trust resources and external independent suppliers.

Financial Performance 2018/19

The key highlights for the Trust's financial performance for the year were:

- Actual performance - against a challenging operational and commissioning landscape the Trust delivered a deficit for the year of £63.04m. After adjusting for the impact of impairments and adjustments in relation to the donated asset reserve the adjusted reported deficit is £50.95m.
- Control total performance - The control total was set at a deficit of £65.40m and the Trust achieved a comparable deficit of £65.34m; £65k better than plan.
- Provider Sustainability Funding (PSF) – having delivered the financial control total the Trust earned £14.39m of PSF.
- Efficiency Programme - underpinning both the control total achievement and in-year investment in services was the delivery of £30.2m of savings; £0.2m better than plan.
- Capital - expenditure on capital schemes of £105.4m, including £67.8m on the 3Ts building development, £14.8m on the ED emergency floor and backlog, £4.2m on estates, £6.4m on Information Technology, £3.1m on replacement equipment and £3.0m on service developments.

Summary of the Trust's 2018/19 financial performance.

2018/19 Control Total Deficit	65.34
PSF Funding	(14.39)
Adjusted Financial Performance	<hr/> 50.95
Impairments & Donated Asset Movement	12.10
Reported Deficit	<hr/> 63.04

Financial outlook

The Trust has submitted its operational and financial plans for 2019/20. The control total, as agreed with NHS Improvement, is a planned deficit of £51.148m; excluding any non-recurrent allocations from the Provider Sustainability Fund (PSF) and newly formed Financial Recovery Fund (FRF). Including non-recurrent allocations, the control total is a deficit of £25.747m. Delivery of the plan is underpinned by an efficiency expectation of £27.07m; for which schemes have been identified.

Financial Risks & Recovery Actions

There are a number of risks to delivering the financial plan; the most significant of which are listed below.

- Commissioner affordability and the Trust's income expectation - work to develop an Aligned Incentive Contract with CCGs commissioners has concluded which will help mitigate risk for the Trust and the health system. With regard NHS England, the Trust has agreed a contract value and will have a Payment by Results based contract for 2019/20.
- MSK Activity – There is a risk that the Trust is not commissioned for the level of activity required to ensure the clinical and financial sustainability of the service. To mitigate the Trust is continuing dialogue with the commissioner, the MSK Partnership, and ensuring the contracts reflect agreed expectations
- Delivery of the efficiency programme - plans to deliver the £27.07m efficiency requirement have been identified but there are risks to delivery. Robust governance processes have been developed and embedded and the aim is identify further opportunities to mitigate any risks that emerge during the year.
- Workforce Expenditure – availability and cost of staff continues to be a risk. Improving and widening the use of e-rostering will be an important investment to support both management and the control environment during 2019/20.

Efficiency programme delivery

All NHS organisations strive to improve the quality of care they provide to people using their services, and this remains at the heart of our efficiency plans at BSUH. Improvements to the safety, experience and effectiveness of patient care enable us to deliver our services in more cost-effective ways, and is achieved primarily through reducing unwarranted variations (often known as process waste) and improving the flow of our patients through our hospitals.

Efficiency schemes follow best practice guidance, and are subject to rigorous quality checks and sign off at executive board level, including reviews by Internal Audit and NHSI. This ensures that any changes are appropriately managed and do not negatively impact on the quality of service to either patients or our staff. The Trust has been working in partnership with local commissioners and neighbouring NHS providers, to improve both waiting times for treatment as well as patient length of stay in hospital. In key specialities, improvements have been made in the reduction of our reliance on the historic outsourcing of work to more expensive commercial entities, and have been achieved through more productive working within our hospitals as well as the use of alternate local NHS facilities.

In 2018/19 - the second year of delivering an efficiency programme - the Trust set both clinical and corporate teams a target to achieve £30 million of efficiency savings. 26 schemes that commenced in 2017/18 provided a full-year benefit, and were supplemented by a further 124 new schemes that were introduced during the

year. Schemes ranged from small-scale actions to reduce spend in specific areas, up to large and often complex projects that developed new and innovative ways of caring for our patients in a financially sustainable way. A high proportion of the Trust's spend is on workforce and drug medication, and these areas featured heavily in the efficiency programme. In workforce, we reduced our reliance on agency through recruitment into vacancies and new ways of working. In medical workforce, creative solutions to long-standing vacancies were achieved through the introduction of new, alternate roles that were more attractive to staff yet continued to provide consistent, high quality care to patients. Our medicine management team sought opportunities for the standardisation of drugs in our hospitals, as well the utilisation of new technology in high-cost drugs where development of proven bio-similar alternatives gave significant cost savings to the wider NHS. This year, benefit was also received from the successful achievement of 10 quality criteria specifically relating to the reduction of risk in maternity services. Supporting our clinical teams, the Procurement team helped deliver over £3m of savings through central cost negotiation and usage standardisation.

Summary

2018/19 was a successful yet challenging year. The Trust delivered all agreed financial priorities including; stabilising the deficit, delivering the control total deficit, identifying and delivering planned savings and exiting financial special measures. Further, the Trust made significant progress in both understanding historic financial performance and developing a medium term financial plan. 2019/20 will bring further challenges but the Trust is better placed to respond. The key financial priorities for next year are to:

- deliver the control total deficit as agreed with NHSI;
- secure support for the proposal for financial sustainability; and
- ensure plans are in place to support the opening of Phase 1 of the 3Ts new hospital build.

Care Quality Commission Inspection

In September 2018 the CQC undertook a comprehensive inspection of both the Royal Sussex County Hospital in Brighton and the Princess Royal Hospital in Haywards Heath. The full findings of their inspection, which were published in January 2019, saw the Trust rated as 'Good' overall and 'Outstanding' for care.

At the Royal Sussex County Hospital inspectors spoke with over 268 members of staff and 66 patients and at the Princess Royal Hospital they spoke with 152 members of staff and 45 patients. They also reviewed over 64 sets of patients' records and a variety of policies and performance data.

The report states that the CQC were particularly impressed with the way in which front-line staff were empowered to make changes themselves and by their high levels of engagement and motivation.

It also said they recognised the "huge improvements" made at the Trust since its last inspection in 2016, when it was rated 'Inadequate' and that the progress made was

one of the fastest and most significant transformations achieved by any NHS organisation.

Along with the Trust's overall rating, both the Royal Sussex County Hospital and the Princess Royal Hospital were also rated as 'Good' in their own right. As a result of the CQC inspection in 2016, the Royal Alexandra Children's Hospital was rated 'Outstanding' and therefore not revisited at this most recent inspection.

The publication the CQC inspection resulted in the Trust also being taken out of special measures for quality of care, the Trust had been taken out of financial special measures in July 2018

Our Commitment to Sustainability

Cutting carbon emissions, as part of the fight against climate change and the significant impact on human health, is a key priority for the Trust. BSUH is working with colleagues from other NHS organisations within Sussex and East Surrey.

The STP's collective carbon footprint is estimated at 100,000 tonnes CO₂e per annum (BSUH accounts for just over a quarter of the total). This is primarily driven by energy consumption across the estate but it is also estimated the system produces more than 10,000 tonnes of physical waste with staff driving more than 20 million business miles each year.

Following an initial review to merge data and existing plans, four key environmental sustainability workstreams will be established:

1. **Utilities:** Options for driving energy and water efficiency across estate (including water industry deregulation options). Investigate opportunity to create single investment vehicle to achieve cost and carbon savings across estate.
2. **Waste and Resources:** Assess potential for harmonised waste policy, targets and operational procedures, collective contract tendering and centralised Waste Bureau service to manage service.
3. **Staff Travel:** Scope opportunity for single Travel Transformation Plan to reduce staff travel time, cost and carbon across system and centralised Travel Bureau function to implement project work and support staff.
4. **Commercial Transport:** Assess potential for consolidation of commercial courier services delivered by and provided to all STP organisations.

Our sustainability plan for 2019/20 includes:

- Reduce the use of disposable cups and sell reusable environmentally friendly cups (which are biodegradable and free of Bisphenol A - BPA) with incentive to return and refill
- Provide all staff with a reusable cup
- Replace our current takeaway cups with a biodegradable recyclable cup

- Replace our polystyrene and plastic containers with biodegradable sugar cane containers
- Replace our takeaway cutlery with biodegradable sugar resin alternative
- Removal of plastic straws and stirrers – replace with paper straw for those who need a straw on medical grounds
- Encourage recycling on site with our waste partners
- Reuse our coffee grounds in all restaurants as fertiliser/eco product
- Work with local suppliers in local area to supply our fruit, vegetables, fish and milk
- Promote Soil Association, MSC Fish and Red Tractor products
- To apply for awards recognising the drive towards healthier eating.

Fraud, bribery and corruption statement

BUSH is committed to eliminating fraud and corruption within the NHS, freeing up public resources for better patient care. To this end, the Trust employs a specialist counter-fraud service to provide a comprehensive programme against fraud and corruption which is overseen by the Trust's Audit Committee.

All anti-fraud and corruption legislation is complied with. It is a criminal offence to give, promise or offer a bribe, and to request, agree to receive, or accept a bribe. A bribe may take the form of any financial or other advantage to another person in order to induce a person to perform improperly.

Although the Bribery Act permits hospitality, all staff are required to consider on an individual basis whether accepting any hospitality offered is appropriate and should they then elect to take it, to record it within the Trust's Hospitality register so that it has been fully disclosed.

It is also important that all of our contractors and agents comply with our policies and procedures.

When entering into contracts with organisations the Trust follows the NHS standard terms and conditions of contract for the purchase of goods and supplies.

We ask all who have dealings with the trust, as employees, agents, trading partners, stakeholders and patients, to help us in our fight against fraud and corruption and to contact the counter-fraud service in confidence if they have any concerns or suspicions.

Statement on social responsibility

BSUH reflects its social responsibility within the way it undertakes its business, this is from the recruitment, retention and development of our staff as noted within this report in respect of our equality, diversity and inclusion work through to way we deliver of services making them accessible and environmentally sustainable again as detailed within this report through to our wider responsibility to work with our partners with regard to our responsibilities under safeguarding to protect our patients and their families and careers.

ACCOUNTABILITY REPORT

Corporate Governance Report

Directors' Report

Our Board of Directors 01 April 2018 to 31 March 2019

NON-EXECUTIVE DIRECTORS

Mike Viggers, Chairman (Term of Office to 31-05-2018)

Chair of the Finance and Investment Committee to 31-05-18

Patrick Boyle, Interim Chairman from 01-06-18 to 30-09-18 and then Deputy Chair from 01-01-19 (Term of Office to 19-01-2021)

Chair of the Finance and Investment Committee from 01-06-18 to 30-09-18

Alan McCarthy, Chairman from 01-10-18 (Term of Office to 30-09-21)

Chair of the Finance and Investment Committee from 01-10-18

Mike Rymer Deputy Chair to 31-12-18 (Term of Office to 21-01-21)

Chair of Quality Assurance Committee

Martin Sinclair (Term of Office to 31-07-19)

Chair of Audit Committee

Chair of Charitable Funds Committee

Kirstin Baker (Term of Office to 31-03-22)

Chair of 3Ts Committee

Malcolm Reed (Term of Office to 31-10-19)

Non-Executive Director

Joanna Crane (Term of Office to 31-03-20)

Non-Executive Director

ASSOCIATE NON-EXECUTIVE DIRECTORS (non voting members of the Board)

From 1 April 2017 the Trust took on responsibility for the operation of Brighton and Sussex University Hospitals NHS Trust (BSUH) under a three-year management contract. As part of the Board arrangements, the Non-Executive Directors for Western Sussex Hospitals NHS FT (Jon Furmston and Lizzie Peers) attend BSUH Board and Committee meetings as Board advisors but with no formal accountability or voting rights.

EXECUTIVE DIRECTORS

Marianne Griffiths, Chief Executive

Pete Landstrom, Chief Delivery and Strategy Officer

Denise Farmer, Chief Workforce and Organisational Development Director

Dr George Findlay, Chief Medical Officer and Deputy Chief Executive

Karen Geoghegan, Chief Financial Officer

Nicola Ranger, Chief Nurse and Patient Safety Officer

Rab McEwan, Chief Operating Officer from 08-01-19 (prior to this this role was covered by Pete Landstrom)

How the Trust is governed

The Trust is governed in accordance with its establishment order and Standing Orders, Scheme of Reservation, Scheme of Delegation, Standing Financial Instructions.

In seeking to ensure appropriate governance arrangements the Trust Board must critically appraise its systems, processes, skills and reporting mechanisms. The Trust's governance arrangements need to take into account guidance from the Department of Health, NHS Improvement and NHS Providers on integrated governance.

In light of the Management Contract with Western Sussex Hospitals NHS Foundation trust the Board reviewed its Board and Committee governance and implemented a revised Board Committee structure in April 2017, which has continued through this year. This is detailed in the 'Board Committees' section of this report.

The Board

The Chair and Non-Executive Directors are appointed through an NHS Improvement led appointments process.

The Directors of the Trust for the period of this report are shown in the table below together with their attendance at Board meetings for the period.

The Trust has 6 independent Non-Executive Directors, one of whom is nominated by the Universities of Brighton and Sussex, in addition to the Chairman.

The Board Nomination and Remuneration Committee appoints the trust Executive Directors.

All these appointments are subject to annual appraisal. The Chairman is appraised by NHS Improvement; the Non-Executive Directors by the Chairman; the Chief Executive by the Chairman; and Executive Directors by the Chief Executive.

All members of the Board complete a *Fit and Proper Person* declaration on appointment and then annually thereafter, in addition to other employment checks.

How the Board Operates

The Board has agreed a scheme of reservation and delegation which sets out those decisions which must be taken by the Board and those which may be delegated to the Executive or to Board sub-committees.

The Board sets the Trust's strategic aims and provides active leadership of the Trust. It is collectively responsible for the exercise of its powers and the performance of the Trust, for ensuring compliance with the Trust's Provider Licence, relevant statutory requirements and contractual obligations, and for ensuring the quality and safety of services. It does this through the approval of key policies and procedures, the annual plan and budget for the year, and schemes for investment or disinvestment above the level of delegation.

The Non-Executive Directors play a key role in taking a broad, strategic view, ensuring constructive challenge is made and supporting and scrutinising the performance of the Executive Directors, whilst helping to develop proposals on strategy.

Board meetings follow a formal agenda which includes Patient Safety and Experience and a range of Strategic and Operational items including; clinical governance, financial and non-financial performance, together with performance against quality indicators set by the Care Quality Commission (CQC), NHS Improvement and by the Executive. These include measures for infection control targets, patient access to the Trust, waiting times, length of stay, complaints data and the results of the Friends and Family Test. The Board receives a monthly Patient First metric report that reflects the Trust's True North priorities, breakthrough objectives, strategic initiatives and corporate projects.

During the year the trust held 5 Public Board Meetings, and 12 Private Board Meetings. In addition, there was an Annual General Meeting held in June 2018.

In addition, five subject specific seminars were held, covering topics such as governance strategy, infection and prevention control, Model Hospital benchmarking, integrated education, 3Ts, medium to long term planning, Board Assurance Framework and risk management, Freedom to Speak Up and CQC inspection preparation.

Attendance at the Board of Directors Meetings

Attendance at Public Board meetings 1 April 2018 to 31 March 2019

Name	May	Jul	Oct	Jan	Mar
Mike Viggers	✓	Mike retired as Chair on 31 May 2018			
Patrick Boyle	✓	✓	x	✓	✓
Alan McCarthy	Alan was appointed on 1 October 2018		✓	✓	✓
Joanna Crane	✓	x	✓	✓	✓
Jon Furmston*	✓	✓	✓	✓	x
Lizzie Peers*	✓	✓	✓	✓	x
Kirstin Baker	x	✓	✓	✓	✓
Martin Sinclair	✓	✓	✓	✓	✓
Mike Rymer	✓	✓	✓	✓	✓
Malcolm Reed	✓	✓	✓	x	✓
Marianne Griffiths	✓	✓	✓	✓	✓
Pete Landstrom	x	✓	✓	✓	✓
George Findlay	✓	✓	✓	✓	✓
Karen Geoghegan	✓	✓	✓	✓	✓
Nicola Ranger	✓	✓	✓	✓	✓
Denise Farmer	✓	✓	✓	✓	✓
Rab McEwan**	Rab was appointed on 8 January 2019			x	✓

* Non-Executive Director Advisor

** In attendance

Attendance at Private Board meetings 1 April 2018 to 31 March 2019

Name	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Mike Viggers	✓	✓	Mike retired as Chair on 31 May 2018									
Patrick Boyle	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	✓	✓
Alan McCarthy	Alan was appointed on 1 October 2018						✓	✓	✓	✓	✓	✓
Joanna Crane	✓	✓	✓	x	✓	✓	✓	✓	x	✓	✓	✓
Jon Furmston*	x	✓	x	✓	x	x	✓	✓	✓	✓	✓	x
Lizzie Peers*	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	x
Kirstin Baker	✓	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Martin Sinclair	✓	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mike Rymer	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Malcolm Reed	x	x	x	✓	✓	✓	✓	x	x	x	x	✓
Marianne Griffiths	✓	x	x	✓	✓	✓	✓	✓	✓	✓	✓	✓
Pete Landstrom	✓	x	✓	✓	x	✓	✓	✓	✓	✓	✓	✓
George Findlay	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Karen Geoghegan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Nicola Ranger	✓	x	x	✓	x	✓	✓	✓	✓	x	✓	✓
Denise Farmer	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Rab McEwan**	Rab was appointed on 8 January 2019									x	✓	✓
Rob Haigh**	✓	✓	x	x	x	✓	x	✓	✓	✓	x	✓
Caroline Davies**	✓	x	✓	✓	x	x	✓	✓	x	✓	x	✓
Helen Weatherill**	✓	x	x	✓	x	✓	x	✓	x	✓	✓	x
Clare Stafford**	✓	✓	✓	x	x	x	✓	✓	✓	✓	✓	✓
Philip Holmes**	✓	✓	✓	✓	x	x	x	✓	✓	✓	✓	x

* Non-Executive Director Advisor

** In attendance

Board of Directors Committee structure

The Board Committees were revised on the 1 April 2017 into the following structure to ensure that all governance domains and the business of the Trust are adequately assured.

Each committee is chaired by a Non-Executive Director, with strong Executive and Non-Executive membership and reporting directly to the Board of Directors.

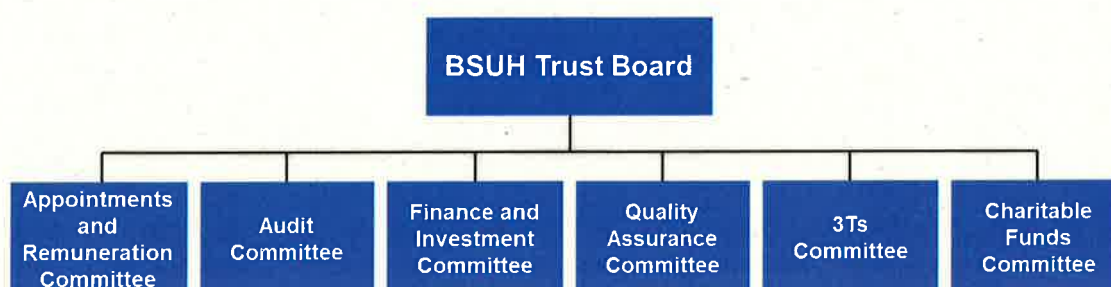


Table 1: governance structure

Audit Committee

The existence of an independent Audit Committee is the central means by which the Trust Board ensures effective control arrangements are in place. The Audit Committee membership is solely made of Non-executive directors in line with the NHS Code of Governance.

The Audit Committee independently reviews, monitors and reports to the Board on the attainment of effective control systems and financial reporting processes.

Register of Members' attendance at Audit Committee meeting for the period 01 April 2018 to 31 March 2019

Name	Apr	May	Jul	Oct	Jan	Total
Martin Sinclair (Non-Executive Director and Committee Chair)	✓	✓	✓	✓	✓	5 of 5
Kirstin Baker (Non-Executive Director)	x	✓	✓	✓	x	3 of 5
Joanne Crane (Non-Executive Director)	✓	x	x	x	✓	2 of 5
Jon Furmston (Associate non voting Non-Executive Director)	✓	✓	x	✓	✓	4 of 5
Lizzie Peers (Associate non voting Non-Executive Director)	✓	✓	x	✓	✓	4 of 5

The Chief Financial Officer, Chief Workforce and Organisational Development Officer, Local Counter Fraud Services, Internal and External Auditors are regular attendees at meetings of the Committee. The Committee requests other senior Trust

officers to attend for specific items. The Committee is supported by the Company Secretary.

The Trust retained its External Auditors, Ernst and Young, for the year.

The Trust does not have its own internal audit or counter fraud functions. The Trust's Internal Auditor is Grant Thornton. The trust's Local Counter Fraud Service is maintained in-house.

The Audit Committee Agenda is based upon an agreed annual work-plan. In order to maintain independent channels of communication, the members of the Audit Committee hold a private meeting collectively with External Audit, Internal Audit and Counter Fraud ahead of each Audit Committee. This provides all parties the opportunity to raise any issues without the presence of management.

The Audit Committee is responsible to the Board for reviewing the adequacy of the governance, board assurance and risk management and internal control processes within the Trust. In carrying out this work the Audit Committee obtains assurance from the work of the Internal Audit, External Audit and Counter Fraud Services.

The Audit Committee review the financial year-end Annual Report, Annual Accounts and Annual Governance Statement with the External Auditor prior to Board approval and sign off.

The Audit Committee agrees the schedule of Internal Audit reviews at the start of the year and receives the reports of those audits and tracks the implementation of recommendations at each of its meetings.

Quality Assurance Committee

The Quality Assurance Committee supports the Board in ensuring that the Trust's management of clinical and non-clinical processes and controls are effective in setting and monitoring good standards and continuously improving the quality of services provided by the Trust.

Register of Members' attendance at Quality Assurance Committee meeting for the period 01 April 2018 to 31 March 2019

Name	Apr	Jun	Aug	Oct	Dec	Feb	Total
Mike Rymer (Non-Executive Director and Committee Chair)	✓	✓	✓	✓	✓	x	5 of 6
Martin Sinclair (Non-Executive Director)	✓	✓	✓	✓	✓	✓	6 of 6
Joanna Crane (Non-Executive Director)	✓	✓	✓	x	✓	✓	5 of 6
Malcolm Reed (Non-Executive Director)	✓	x	✓	x	x	✓	3 of 6
George Findlay (Chief Medical Officer and Deputy Chief Executive)	✓	✓	✓	✓	✓	x	5 of 6

Name	Apr	Jun	Aug	Oct	Dec	Feb	Total
Nicola Ranger (Chief Nurse and Patient Safety Officer)	✓	✓	✓	✓	✓	✓	6 of 6
Denise Farmer (Chief Workforce and Organisational Development Director)	x	x	✓	✓	✓	x	3 of 6

Finance and Investment Committee

The Finance and Investment Committee supports the Board to ensure that all appropriate action is taken to achieve the financial objectives of the Trust through regular review of financial strategies and performance, investments, and capital and estates plans and performance.

The Committee is chaired by the Chair of the Trust and all Non-Executive and Executive Directors are invited to attend.

Register of Members' attendance at the Finance and Investment Committee meeting for the period 01 April 2018 to 31 March 2019

Name	Apr	Jun	Jul	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Mike Viggers (Non-Chairman and Committee Chair to 31 May 2018)	✓	Mike retired as Chairman on 31 May 2018									1 of 10
Patrick Boyle (Interim Chairman and Committee Chair 1 June to 30 Sept 2018 and Non-Executive Director)	✓	✓	✓	✓	x	✓	✓	✓	✓	✓	9 of 10
Alan McCarthy (Chairman and Committee Chair from 1 Oct 2018)	Alan was appointed from 1 October 2018				✓	✓	✓	✓	✓	✓	6 of 6
Martin Sinclair (Non-Executive Director)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10 of 10
Marianne Griffiths (Chief Executive)	✓	x	✓	✓	✓	✓	✓	✓	✓	✓	9 of 10
Karen Geoghegan (Chief Financial Officer)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10 of 10
George Findlay (Chief Medical Officer and Deputy Chief Executive)	x	✓	✓	✓	✓	✓	✓	✓	✓	x	8 of 10
Nicola Ranger (Chief Nurse and Member of Committee from 1 May 2017)	x	✓	✓	✓	x	✓	✓	✓	✓	✓	8 of 10
Denise Farmer (Chief Workforce and Organisational)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10 of 10

Name	Apr	Jun	Jul	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Development Director)											
Pete Landstrom (Chief Delivery and Strategy Officer)	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	9 of 10
Mike Rymer* (Non-Executive Director)	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	9 of 10
Kirstin Baker* (Non-Executive Director)	✓	x	✓	✓	✓	✓	✓	x	✓	✓	8 of 10
Joanna Crane* (Non-Executive Director)	x	✓	x	✓	x	✓	x	x	✓	x	4 of 10
Lizzie Peers* (associate non voting Non-Executive Director)	✓	✓	✓	✓	✓	✓	x	✓	✓	x	8 of 10
Jon Furmston* (associate non voting Non-Executive Director)	x	x	x	x	x	✓	✓	x	✓	x	3 of 10

* Non-members, in attendance

Charitable Funds Committee

The purpose of the Charitable Funds Committee is to monitor progress and performance against the strategic direction of the Trust's charity fundraising activity as determined by the Board as corporate Trustee; to approve and monitor expenditure of charitable funds in line with specified priority requirements; and to monitor the management of the Trust's investment portfolio ensuring that the Trust at all times adheres to Charity Law and to best practice in governance and fundraising.

Register of Members' attendance at the Charitable Funds Committee meeting for the period 01 April 2018 to 31 March 2019

Name	May	Sep*	Nov	Feb	Total
Martin Sinclair (Non-Executive Director and Committee Chair)	✓	✓	✓	✓	4 of 4
Joanna Crane (Non-Executive Director)	✓	x	✓	✓	3 of 4
Lizzie Peers (Non-Executive Director Advisor)	✓	✓	✓	✓	4 of 4
Karen Geoghegan # (Chief Financial Officer)	x	x	x	x	0 of 4
Denise Farmer (Chief Workforce and Organisational Development Officer)	✓	x	✓	x	2 of 4

* The September Committee was not quorate. This was noted at the meeting and there were no items on the agenda which required approval by the Committee.

for each instance where Karen was not able to attend then the Trust Director of Finance was in attendance who was within the Committee terms of reference a fully empowered deputy

3Ts Committee

The purpose of the 3Ts Committee is to provide assurance on the progress of this key project.

Register of Members' attendance at the 3Ts Committee meeting for the period 01 April 2018 to 31 March 2019

Name	May	Jun	Jul	Oct	Nov	Jan	Mar	Total
Kirstin Baker (Non-Executive Director and Committee Chair)	x	✓	✓	✓	✓	✓	✓	6 of 7
Lizzie Peers (Non-Executive Director Advisor)	✓	✓	x	✓	x	✓	x	4 of 7
Pete Landstrom (Chief Delivery and Strategy Officer)	✓	✓	✓	✓	✓	✓	✓	7 of 7
Karen Geoghegan (Chief Financial Officer)	✓	✓	✓	✓	✓	✓	✓	7 of 7
Duane Passman (Director of 3Ts)	✓	✓	✓	✓	✓	✓	✓	7 of 7
Peter Larsen-Disney (Clinical Director of 3Ts)	x	✓	x	x	✓	✓	x	3 of 7
Ian Arbuthnot (Director of Health Informatics)	✓	✓	✓	x	✓	✓	x	5 of 7
Ross Hanson / Vincent Kane (Directors, Turner and Townsend – independent Cost Advisor to BSUH)	✓	✓	x	✓	✓	✓	✓	6 of 7

Appointment and Remuneration Committee

The Committee sets the terms and conditions of the Executive Directors. This committee's membership is Non-Executive Directors only.

In attendance at meetings are the Chief Executive, Chief Workforce and Organisational Development Director and the Group Company Secretary.

During the period the Committee did not procure any external advice relating to pay and the Trust does not operate performance related pay.

Appointments and appraisal

The Chair and Non-Executive Directors are appointed through an NHS Improvement led appointments process.

The Chairman, other Non-Executive Directors, and the Chief Executive are responsible for deciding the appointment of Executive Directors.

The Chief Executive undertakes an appraisal on the performance of the Executive Directors, which are formally reported to the Appointment and Remuneration Committee. The Chair conducts the Chief Executive's appraisal which is reported in the same way. The Chair also undertakes the appraisal of the Non-Executive

Directors while the Chairs appraisal is undertaken by the regulator, NHS Improvement.

Statement of compliance with the NHS Constitution

The Board of Directors takes account of the NHS Constitution in its decisions and actions, as they relate to patients, the public and staff. The Board of Directors is compliant with the principles and pledges set out in the Constitution. However, the Trust has recognised that it has not met all the NHS Constitutional Targets during 2018/19 and had within its 2019/20 operational planning set trajectories to achieve these.

Statement on Directors Disclosures

The Annual Report is required to include a statement that for each individual, who is a director at the time the report is approved, as follows:

- So far as each director is aware, there is no relevant audit information of the which the (external) auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors have confirmed the above statement.

Declarations of Interest

All Board members have declared their relationship, under the terms of a management contract, with BSUH NHS Trust as an 'Interest' in order to provide transparency on Board decision making.

The Chair has not declared any significant commitments that require disclosure, other than that highlighted above relating to BSUH NHS Trust.

The Trust holds a register of company directorships and other significant interests, held by both directors and governors, which may conflict with their management responsibilities. The Audit Committee receives an Annual Report on Board Declarations and the process to mitigate any potential conflicts.

The register of these interests is made publically available on the Trust's public website this is available <https://www.bsuh.nhs.uk/about-us/who-we-are/our-board/>

Corporate Governance Code

The Board is satisfied that it complies with the Corporate Governance Code, this view is supported by the well led inspection undertaken by the CQC this year as well as the views of internal and external audit.



Dame Marianne Griffiths
Chief Executive

28 May 2019

Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Trust

The Chief Executive of NHS Improvement, in exercise of powers conferred on the NHS Trust Development Authority, has designated that the Chief Executive should be the Accountable Officer to the Trust. The relevant responsibilities of Accountable Officers are set out in the Accountable Officers Memorandum issued by the Chief Executive of NHS Improvement. These include ensuring that:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;
- value for money is achieved from the resources available to the Trust;
- the expenditure and income of the Trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them;
- effective and sound financial management systems are in place; and
- annual statutory accounts are prepared in a format directed by the Secretary of State to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, recognised gains and losses and cash flows for the year.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.



Dame Marianne Griffiths
Chief Executive

28 May 2019

Statement of Directors' Responsibilities in Respect of the Accounts

The directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the Trust and of the income and expenditure, recognised gains and losses and cash flows for the year. In preparing those accounts, directors are required to:


- Apply, on a consistent basis, accounting policies laid down by the Secretary of State with the approval of the Treasury;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the accounts comply with requirements outlined in the above-mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the accounts.

The directors 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 trust's performance, business model and strategy.

By order of the Board



Dame Marianne Griffiths
Chief Executive
28 May 2019



Karen Geoghegan
Chief Financial Officer
28 May 2019

Annual Governance Statement

1 Scope of responsibility

1.1 As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS 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 Trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the *NHS Trust Accountable Officer Memorandum*.

1.2 The Trust's Standing Orders and Scheme of Delegated Authority outline the accountability arrangements and scope of responsibility of the Board of Directors ('the Board'), Executive Directors and Trust officers.

1.3 The Board receives regular minutes and reports from each of the nominated Committees that report into it. The terms of reference of the Committees of the Board are regularly reviewed to ensure that governance arrangements continue to be fit for purpose.

1.4 The Trust works in close partnership with other Health and Social Care organisations in the area, but notably with the Brighton and Hove Clinical Commissioning Group. In addition the Trust attends the Brighton and Hove City Council, Health and Adult Social Care Overview and Scrutiny Committee.

1.5 *Management contract with Western Sussex Hospitals NHS Foundation Trust*

1.6 BSUH NHS Trust continues with the management contract arrangements with Western Sussex Hospitals NHS Foundation Trust. These arrangements are formalised within an agreement between both the Trusts and NHS Improvement for a period of three years from 1 April 2017 to 31 March 2020

1.7 The agreement identified 5 key priorities:-

- delivering the improvements necessary to enable BSUH NHS Trust to exit Financial Special Measures;
- delivering the improvements necessary to enable BSUH NHS Trust to exit Quality Special Measures;
- addressing the underlying issues at BSUH NHS Trust relating to leadership and culture which were inhibiting the delivery of improvements to services;

- effective implementation of a three year plan to improve accident and emergency performance; and
- effective oversight of the 3Ts Programme (The Royal Sussex County Hospital is undergoing a £485 million programme to replace all the buildings on the front of the main hospital site. The programme is referred to as '3Ts' as it reflects BSUH NHS Trust role in teaching, trauma and tertiary care.

1.8 During the period to the 31 March 2019 the Trust has exited both Financial and Quality Special Measures. The outcome of the 2018 staff survey and the recent CQC report published in January 2019 confirmed a "paradigm shift in culture" that is supporting the delivery of service improvements. The Trust's Patient First programme has supported the Trust to deliver its service and cost improvement plan for the year. Work is in progress to deliver the remaining two contract criteria. The Trust is delivering its improvement plan in respect of A&E performance and phase one of the redesign has been completed. Phase two additional beds opened in February 2019 is supporting improved performance into 2019/20. Recognising that large scale capital programmes bring with them risks 3Ts oversight through a Committee of the Board has provided assurance that Phase one is currently on plan and remains within the programme cost. Additional 3Ts assurance is provided through the National 3Ts Programme Board with membership from NHS Improvement, NHS England, the Lead CCG, and the Department of Health.

2. The purpose of the system of internal control

2.1 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of BSUH NHS 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 BSUH NHS Trust for the year ended 31 March 2019 and up to the date of approval of the annual report and accounts.

3. Capacity to handle risk

3.1 Trust Board

3.2 The Trust has a Risk Management Strategy and Policy, endorsed by the Board of Directors. The Board of Directors recognise that risk management is an integral part of good management practice and to be most effective should be embedded in

the Trust's culture. This recognition is embodied within the Strategy and Policy as this documents the Board's risk appetite and the processes applied across the Trust which see the oversight of the Trust's key risks assigned to a Board Committee with each key risk have a named executive lead. The Board is committed to ensuring that risk management is embedded as part of the Trust's philosophy, practice and planning and is not viewed or practiced as a separate programme and that responsibility for implementation is accepted at all levels of the organisation.

3.3 Board Committees

3.4 The Audit Committee has overall responsibility for ensuring effective risk management across the Trust. The Audit Committee receive information annually from the Trust's internal auditors and from its own review of the Trust's Board Assurance Framework and through this work supports the Board to be assured over the robustness of the Trust's application of sound risk management processes. To enable the Audit Committee to fulfil its role one Non Executive Member sits on each of the other Board Committees providing a clear link to and from the Audit Committee's oversight of the Board Assurance Framework and the work undertaken in each Committee in respect of the key risks they have assigned oversight for.

3.5 The other key Board Committees of Finance and Investment and Quality Assurance regularly receive and consider the strength of assurance reflected within the Board Assurance Framework and the actions being taken to manage risks that are outside the Board's stated risk appetite.

3.6 Non-executive Directors

3.7 All Committees are chaired by a nominated Non-Executive Director. The Audit Committee, who play a pivotal role in providing assurance over the risk management processes of the Trust, has a membership of only Non-Executive Directors. Through the Non-Executive Chairs and the Audit Committee membership they all have a responsibility to challenge robustly the effective management of risk and to seek reasonable assurance of adequate control.

3.8 Chief Nurse and Patient Safety Officer

3.9 The Chief Nurse and Patient Safety Officer is accountable for the strategic development and implementation of organisational risk management and ensuring there is a robust system in place for monitoring compliance with standards and the Care Quality Commission (CQC) Registration legal requirements.

3.10 The Chief Nurse and Patient Safety Officer is also responsible for managing patient and non-patient safety, complaints, patient information and medical legal matters.

3.11 Chief Finance Officer

3.12 The Chief Finance Officer 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.

3.13 The Chief Finance Officer attends the Trust's Audit Committee but is not a member, and liaises with internal audit, external audit and counter fraud services, who undertake programmes of audit with a risk based approach.

3.14 Risk Management Training and Learning

3.15 Risk management training forms part of the essential training package that all staff are required to complete. All new members of staff attend a mandatory induction covering key elements of risk management, supplemented by local induction. The organisation provides mandatory and statutory training that all staff must attend.

3.16 The Trust has established a culture of learning, through the work on the implementation of national clinical standards, the delivery of improvements flowing from local and national clinical audits and the focus on learning from all untoward incidents. The reporting of this work flows to the Board through the work of the Quality Assurance Committee and from reports directly to the Board. This allows the Board to see the positive impact that the improvements from this learning has on the Trust's risk profile.

4 The risk and control framework

4.1 The Board of Directors has established a robust corporate governance framework in which is detailed within the Annual Report section 'How the Trust is run'. The corporate governance structure is designed to ensure appropriate oversight and scrutiny and to ensure good corporate governance practice is followed.

4.2 In support of the Trust's corporate governance processes the Trust has implemented the recommendations made by the Good Governance Institute to enhance the Trust's clinical divisional governance processes. Each Clinical Division is led by a triumvirate of a Divisional Director of Operations, a Chief of Service and a Head of Nursing. Each division reports through the Quality Governance Steering Group to the Board's Quality Assurance Committee. The Trust's Internal Auditors reviewed these revised processes in the last quarter of 2018/19 and provided positive assurance over the effectiveness of these processes.

4.3 The Trust has a Risk Strategy and Policy that was updated in 2018 to explicitly detail the Trust's risk appetite and the Trust's processes for identifying, reporting and managing risk.

4.4 Risk management training forms part of the essential training package that all staff are required to complete. All new members of staff attend a mandatory induction event which covers key elements of risk management. The Trust provides statutory and mandatory training that all staff must attend.

4.5 Risks are raised and captured to a central risk management database known as Datix.

4.6 All staff are responsible for responding to incidents, hazards, complaints and near misses in accordance with appropriate Trust policies. Local management teams oversee local risk registers and the management and escalation, as appropriate, of risks.

4.7 The Trust has an established Board Assurance Framework (BAF), through which the Board is provided with a mechanism for satisfying itself that its responsibilities are being discharged effectively; and informs the Board where the delivery of principal objectives are at risk due to a gap in control and/or assurance.

4.8 The BAF has been aligned to the Trust's True North and Breakthrough Objectives, the operation of the BAF has been subject to review by Internal Audit who reported positively over its effectiveness to the Audit Committee during the year.

4.9 The BAF records that the Trust has been managing 12 significant risks, and at the year end the Trust remains with 3 key risks, these relate to

- Being unable to align or invest in our workforce, finance, estate and IM&T infrastructure effectively to support operational resilience, deliver our strategic and operational plans and improve care for patients;
- Being unable to deliver and demonstrate compliance with regulatory requirements or clinical standards adversely impacting on patient safety and our registration and accreditation by regulatory and supervisory bodies; and
- Being unable to define and deliver the strategic intentions, plans and optimal configuration that will enable our services to be sustainable, leading to an adverse impact on their future viability.

4.10 Whilst the Trust took action, including stabilising the Trust's deficit and delivering the 2018/19 control total, the Trust has seen unprecedented demands on its services and this has impacted on the Trust's ability to deliver its operational performance

targets. The Trust is working with its local health partners to ensure patient pathways support sustainable services.

4.11 For all the Trust's risks there are a detailed series of actions which will continue through 2019/20.

Processes for Managing Cyber Security Risk

4.12 Since our last penetration tests in January 2018 carried out by Dionach on behalf of NHS Digital we have been working hard to remediate the findings of their report. As a part of our remediation plan our IT department have upgraded and replaced a number of key IT Security systems.

4.13 We have installed a new Imprivata (Signal sign-on system) and a Trust wide Palo Alto firewall. We also have a new way to manage our pc and server environment by the installation of Ivanti EPM. Ivanti EPM was first used by Western and with our successful partnership with Western we at BSUH have learnt from their experience. This experience has proved invaluable with the migration of our applications, 5000+ computing and network devices. We have also retired our exchange environment and migrated 12,000+ mailboxes to NHS-Mail. This adds another layer of Trust wide security and enables the Trust to send emails safely and securely.

4.14 We have also formed a successful partnership with NHS Digital and NHS Innovation. NHS Digital has been commissioned by the Department of Health to develop a Care Computer Emergency Response Team (CareCERT) and Window Defender Advanced Threat Protection (ATP). CareCERT offers advice and guidance to support health and social care organisations to respond effectively and safely to cyber security threats and ATP gives local organisations such as BSUH and local GP surgeries better cyber security protection. It is also linked to the Data Security Centre (DSC), which improves cyber security protection for local health and care communities, and the NHS as a whole.

4.15 ATP monitors the Microsoft Windows operating system on a PC or laptop to identify any abnormalities in how it is working; it can then take immediate action to address the problem before it spreads. The deployment of ATP across the BSUH Estate is now complete; with all newly build machines being enrolled.

4.16 NHS Innovation has developed an effective staff cyber awareness education program. This program is being developed here at a local level so we can effectively communicate the ever changing environment of cyber security to our staff. We have also developed a successful partnership with Bullet Proof a network penetration specialist. With the assistance of Bullet Proof we are reviewing all areas of our IT environment and aim to become cyber essentials certified in April 2019. We

also aim to be Cyber essentials + certified by 2020. All of these effective controls fall in line with the accreditation ISO27001 and we aim to make the IT systems at this Trust safe, secure and prosperous in the care of our staff and local community.

Processes for assuring the Board that staffing processes are safe, sustainable and effective

4.17 There are a number of ways in which the trust ensures that short, medium and long term workforce strategies and staffing systems are in place which assures the board that staffing processes are safe, sustainable and effective. Informed by our clinical strategy and aligned to operational and financial planning, workforce demand and supply plans are developed at specialty and divisional level and include recruitment, retention and workforce transformation and efficiency plans.

4.18 National Quality Board standards, NICE guidance, recommendations from Royal Colleges and the output of national taskforces on workforce are used to inform the optimum staffing levels required to deliver high quality and safe services in an acute hospital environment. Changes to staffing profiles (numbers and skills) are subject to a Quality Impact Assessment at divisional level and reviewed by the Chief Medical Officer and Chief Nurse prior to implementation.

4.19 Through regular reporting to the Board, workforce and safer staffing reports are provided and these are triangulated against quality metrics to ensure our staffing processes are safe, sustainable and effective.

4.20 There are robust governance structures in place that oversee the efficiency and effectiveness of our staffing systems that ultimately report into the Quality and Risk and Finance and Investment Committees of the board.

4.21 The Trust uses electronic systems to capture and collate staffing numbers and skill mix for nursing staff and this is currently being rolled out to medical staff. The Safer Staffing Board report will remain six monthly and extend to all other clinical professions.

Processes for managing regulatory risk

4.22 The Trust's latest CQC inspection report issued in January 2019, confirms that the Trust is fully compliant with the registration requirements of the CQC. The Trust has an action plan to deal with the improvements suggested by the CQC and has specifically committed through a detailed action plan shared externally with the CQC and NHS Improvement to address the two areas where the CQC have identified regularity improvements are required.

4.23 The Trust through its continued role out of its Patient First programme ensures that there is a continued focus on improvement focusing on improving

quality, the patient experience and ensuring the trust is sustainable, which are key to the delivery of the Trust's True North and Breakthrough Objectives.

4.24 During the period of this report the Trust regrettably had 2 Never Events. Never Events and Serious Incidents are subject to a thorough internal review to identify Root Causes and learning. All Serious Incidents including Never Events were reported as required to the Clinical Commissioning Group, NHS Improvement and to NHS England. A full investigation is undertaken and the outcome and recommendations reported to the Trust Board for each of these incidents.

4.25 The trust has maintained and published an up-to-date register of interests for decision-making staff within the past twelve months, as required by the '*Managing Conflicts of Interest in the NHS*' guidance. This register is available on the Trust's website and records the details of the Trust senior decision makers, including Board members and Trust Directors.

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

4.27 Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

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

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

5.1 The Board receives a monthly report from the Chief Financial Officer on financial performance. Financial performance is highlighted and reviewed at the Trust Executive Committee to ensure that all senior leaders have visibility on the Trust's financial position and the actions required. Financial performance is scrutinised in detail at the Finance and Investment Committee.

5.2 The Trust has maintained a robust structure for the identification and delivery of efficiency programmes. This is supported by a Programme Management Office and oversight provided by an Executive led efficiency and workforce steering group. Reports are also provided monthly to the Finance and Investment Committee. The Trust in 2018/19 has delivered its efficiency plan in full.

5.3 The Trust exited NHS Improvements Financial Special Measures regime. The Trust has developed a Medium Term Financial Plan for the next five years which will deliver a sustainable financial position for the Trust.

5.4 NHS Improvement has undertaken a Use of Resources assessment as part of the CQC inspection. The Trust has incorporated into the operational plan for 2019/20 and the Medium Term Financial Plan those areas where improvement was identified.

6. Information governance

6.1 Having fully implemented new guidance from NHS Digital on the reporting and classification of Data Protection and Security Incidents, the Trust is pleased to report that it has not had any incidents reportable to the Information Commissioner's Office (ICO).

6.2 In May 2018 the EU General Data Protection Regulation 2016 (GDPR) and Data Protection Act 2018 replaced the Data Protection Act 1998. The Trust has worked hard in moving towards compliance with the new Data Protection legislation, to ensure its systems and processes are appropriate. The Trust has updated its processes to comply with the GDPR, and has proactively worked with the Information Commissioner's Office (ICO), agreeing to a consensual audit, to ensure they are appropriate. Whilst making a number of recommendations, the ICO concluded that there were no matters requiring its action beyond an internal Action Plan to take them forward to completion. Currently the Trust has a significant concentration on updating its detailed Information Asset Management programme. This has been aligned to its preparations for an EU Exit, and aims to robustly assure the Trust regarding what information it holds, along with what is done with it, particularly if it is legitimately shared beyond the European Economic Area. The Trust is also assuring itself that processes in place for the appropriate destruction of personal data at the end of its useful life are in place, along with others around the use of automated decision making and contractual clauses concerning the processing of such data

7. Annual Quality Account

7.1 The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year.

7.2 In developing the Quality Account for 2018/19 quality improvement priorities for 2018/19 were identified following discussion within the Trust and with Commissioner and patient representatives. The detail of the Trust's performance against these quality priorities is considered by the Quality Assurance Committee prior to their reporting to the Board. This process allows for the Board to be assured over the accuracy of the Trust's Quality Report prior to its approval in May 2019.

7.3 To assure the Board that the Quality Accounts present a balanced view and that there are appropriate controls in place to ensure the accuracy of data, the Board has:

- Appointed the Chief Medical Officer supported by the Trust Medical Director and Trust Nurse Director to lead and advise us on all matters relating to the preparation of the Trust's annual Quality Accounts.
- Established a Quality Steering Group to provide focus on continuously improving clinical practice.
- Put in place a system to receive and act upon feedback on the information contained in the Accounts from local stakeholders.

7.4 All service improvements are subject to robust Quality Improvement Assessments, the outcome of the initial assessment and subsequent re-assessments as the projects progress are reported to the Quality Assurance Committee who provide oversight of actions being taken in respect to any significant changes to the quality risk profile of that service improvement.

7.5 Service changes and Trust policies all include an Equality Impact Assessment which identifies any risk of individuals or groups being disadvantaged by that change or policy together with actions being taken to mitigate that risk. Such risks are captured within the Trust's risk management processes and mitigating actions are closely monitored via the Trust's divisional governance processes with any significant risks escalated to the Trust Executive Committee.

7.6 The Trust has a comprehensive process for ensuring data quality over its reported performance. There is an established daily validation process undertaken by clinical leads for patients who exceed four hours in department, and approved by the Chief Operating Officer (COO) or delegated lead each respective day. Additionally, the Trust participate in annual audits as part of the Annual Report governance process, where external audit review accuracy of reporting for a limited set of indicators (A&E and RTT typically are part of this review).

7.7 For RTT, there is a comprehensive validation process undertaken, underpinned by the patient access policy and RTT Rules Suite, whereby at month end over 18 week waiters are reviewed and updated to the point at which reporting is finalised (approximately 18th of subsequent month). This is signed off by Deputy Director of Operations (DDO) lead for RTT. This is supported by weekly meetings where trends and anomalies are tracked and rectified.

7.8 For cancer performance, patient level information is reviewed daily as part of Multidisciplinary Team (MDT) meetings and tracking processes, captured in detail on the National Somerset system, with a range of daily updated performance and operational tracking reports to support patient pathway management.

7.9 The data quality team proactively undertake data cleansing activities on the Patient Administration System daily, acting on a suite of automated reports and results from the trace files sent to the national Personal Demographic Services (PDS). The data quality reports are shared with the Information Governance Group.

7.10 The Trust has undertaken a migration to a new Patient Administration System during 2018/19. As part of the migration, an exhaustive review of legacy patients from the former PAS has been undertaken to ensure data cleanliness on transition to the new patient system. The migration has been supported by a multi-disciplinary team and PAS supplier technical leads, and issues arising post migration managed systematically with board level visibility via a programme board chaired by executive leads for quality, finance, and performance.

7.11 Whilst the initial operational implementation of the Trust's new Patient Administration System has been successful, as the system has continued to bed in, there are some activity recording and process issues which have resulted in challenges with the accurate reporting of activity and waiting times in respect of some specialities. The Trust has a robust process in place and with the supplier is developing a plan to address these. The progress against these actions is reported to Board and our actions have been shared with NHS Digital and NHS Improvement to allow wider system learning to be shared.

7.12 The Trust also undertakes a Strategy Deployment Review at a divisional level which allows board level scrutiny of performance trends which provides another layer of assurance in terms of performance (and its associated data quality). The process adopts a review of key performance metrics, whereby a drop in performance trend elicits a structured stratification of reasons for performance slippage, and mitigation and recovery actions to recover performance. This is an opportunity to cover data quality concerns alongside key operational constraints, or demand pressures. This is part of the Trust True North/Patient First governance arrangements all of which prioritise patient care, and allow the core operational priorities to be aligned and understood from board to floor. The Trust PFIS programme reviews data on a granular level to establish baselines, and monitor improvement, the scrutiny of which contributes to maintained high quality data.

8. Review of effectiveness

8.1 As Accountable 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 Trust who have responsibility for the development and maintenance of the internal control framework.

8.2 *Head of Internal Audit Opinion*

8.3 Internal Audit provide an independent and objective opinion on the degree to which risk management, control and governance support the achievement of the Trust's objectives.

8.4 Based on work undertaken during the period of this report the Head of Internal Audit has stated "Our overall opinion for the period 1 April 2018 to 31 March 2019 based on the scope of reviews undertaken and the sample tests completed during the period, is that significant assurance with some improvements required can be given on the overall adequacy and effectiveness of the Trust's framework of governance, risk management and control. The level of non-compliance in certain areas, including medicines management puts some of its objectives at risk.

8.5 Internal Audit provided opinions of "significant assurance" (green rated opinions) across the areas of risk management, the operation of the Trust's quality governance management groups, data quality, financial systems and the data protection and security toolkit. There were no "no assurance" opinions (red rated opinions) from Internal Audit this year.

8.6 For each of the areas where improvement has been identified then a detailed action plan has been developed. The delivery of these actions is actively monitored by the Audit Committee.

8.7 *External Audit*

8.8 External Audit report to the Trust on the findings from their audit work, in particular their review of the financial statements and the Trust's economy, efficiency and effectiveness in its use of resources. In the current year the external auditors issued an except for opinion referencing 'except for sustainable resource deployment arrangements'. This opinion links to the Trust's financial and operational challenges which have already been taken into account and referred to within the Statement.

8.9 *Counter-fraud*

8.10 The Trust is required under Service Condition 24 of the Standard NHS Commissioning Contract to ensure appropriate counter fraud measures are in place.

8.11 The Local Counter Fraud Specialist (LCFS) adopts a risk-based approach to counter fraud work, identifying areas of potential vulnerability. Relevant local proactive exercises (LPEs) are consequently built into the Trust's annual counter fraud work plan, which is overseen by the Audit Committee. The LCFS helps to foster an anti-fraud culture within the Trust through delivery of an ongoing training programme across a wide range of staff groups. This features regular presentations

on counter fraud and on compliance with the UK Bribery Act 2010. The LCFS attends each meeting of the Audit Committee to present a report on his work.

8.12 The LCFS has not identified any significant control weaknesses during their work. Where improvements have been identified then like Internal Audit they make recommendations and the delivery of these is tracked and reported to the Audit Committee.

8.13 Care Quality Commission

8.14 The Care Quality Commission undertook an inspection of the Trust during 2018/19 culminating in a report being published in January 2019. The outcome of this inspection saw the Trust rated a "good" overall with care across the Trust rated as "outstanding". The outcome of this inspection saw the Trust removed from quality special measures.

8.15 HSE Inspections

8.16 The HSE undertook an inspection of the Trust processes in respect of dealing with violence and aggression and found these to be effective. The HSE also considered the actions taken by the Trust as a result of an investigation in a case of TB and concluded that the Trust had identified and taken appropriate actions as a result of the Trust's investigation.

8.17 National Freedom To Speak Up Guardian

8.18 The Office of the National Freedom To Speak Up Guardian undertook a review of the Trust's process to support staff who wish to raise concerns. The National Guardian's office concluded positively on the Trust's processes which operate to support staff raise concerns and then for staff to receive feedback on action taken which gives staff confidence to engage in service improvements.

8.19 Board Committees

8.20 The Board and its Committees form an important aspect of control and I have been advised during my review by the work of both the Audit Committee, the Finance and Investment Committee and the Quality Assurance Committee.

8.21 Finance and Investment Committee

8.21 The Finance and Investment Committee which is chaired by the Trust Chair provides me and the Board with a flow of assurance over the effectiveness of the established systems of internal financial control.

8.22 During the year the Committee has received regular reports on the Trust's financial position, the delivery of the Trust's control total, the management of its cash position and the delivery of the Trust's capital programme. The Committee have supported the assurance flow to the Board that these key risks have been managed well during the year.

8.23 *Quality Assurance Committee*

8.24 The Quality Assurance Committee which is chaired by a Non-Executive Director provides me and the Board with a flow of assurance over the effectiveness of the established systems of internal control in respect of management of key quality risks.

8.25 During the year the Committee has received regular reports on the Trust's quality performance and quality risks, learning from complaints and investigations into untoward incidents along with regular reporting on the outcomes from clinical audits. The Committee have supported the assurance flow to the Board that quality key risks have been managed during the year especially that there have been no significant patient safety matters arising within the areas where the Trust is poorly performing, these being against the 4 hour emergency access standard, the 18 weeks referral to treatment standard and the cancer pathway standards.

8.26 *Board Assurance Framework*

8.27 During the year covered by this report a revised Board Assurance Framework reporting framework has been implemented which has seen the a structured flow of assurance reporting to the Board on the controls managing the Trust's key risks to the delivery of the Trust's identified True North and associated breakthrough objectives. This process plays a key role in articulating where gaps in control exist and the tracking of devised actions to mitigate these.

8.28 *Wider processes*

8.29 My review is also informed by, the Trust's processes for:

- monitoring the delivery of improvements flowing from the receipt of the outcome of the Annual Staff Survey
- monitoring the delivery of improvements from the learning identified from complaints and the investigation of serious incidents
- tracking the outcomes from the programme of work undertaken by internal and external auditors as well as Counter Fraud
- monitoring the delivery of improvement flowing from reviews undertaken by external bodies
- delivering improvements from the outcomes of external assurance visits including the national Getting It Right First Time reviews across many of the Trust's services.

8.30 These process culminate in reporting to the Board through the revised Divisional and Executive governance processes on the state of the Trust's systems of internal control. .

8.31 I have drawn on the information provided in this annual report along with that outlined above and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

9. Conclusion

9.1 I have considered the factors described in the NHS Improvement guidance on the 2018/19 annual governance statement in respect of significant issues.

9.2 During the period 1 April 2018 to 31 March 2019 and up to the time of signing the accounts I have identified challenged areas with respect to the consistent achievement of Trust priorities in relation to the Constitutional Access Standards as follows:

- The Trust has seen increased demand on its emergency services and this has contributed to the Trust not achieving the 4 hour Emergency Access target;
- The Trust has not delivered the sufficient activity levels to achieve the Referral to Treatment (RTT) standard and maintain the waiting list at the same size as March 2018;
- The Trust has seen significantly increased Cancer referrals in a number of specific specialties which has resulted in the Trust not achieving the 62 day Cancer standard during the year; and
- The activity reporting challenges within some specialities due to the issues identified following the implementation of the new Patient Administration System.

9.3 Detailed action plans are in place to address these issues, with oversight of these actions being reported to the Board through the Trust performance management reports. These matters are also considered within the routine integrated assurance meetings held with NHS Improvement.

9.4 Although the Trust has delivered its Financial Plan for the last 2 years and remains on track with phase 1 of the 3Ts programme I recognise there remains significant work to continue to deliver a financially sustainable Trust and the

successful delivery of the whole 3Ts programme to 2025. These actions have been incorporated into the Trust's Medium Term Financial Plan.

Signed *Marianne Griffiths* Date: 28 May 2019

Dame Marianne Griffiths, Chief Executive

Remuneration and Staff Report

Annual statement on remuneration

It is the responsibility of the Appointment and Remuneration Committee of Non-Executive Directors to oversee the pay arrangements of Executive Directors, details of the committee can be found within the 'How the Trust is Run' section of this report.

BSUH Trust is being operated under the terms of a management contract with Western Sussex Hospitals NHS Foundation Trust employment contracts of all Executive Directors are held by Western Sussex Hospitals NHS Foundation Trust.

Senior Managers remuneration policy

All Directors performance is subject to an annual appraisal the outcome of which is reported to the Appointment and Remuneration Committee by the Chief Executive. This is prior to any decision being made on Executive remuneration.

For the Chief Executive Officer, their appraisal is undertaken by the Chair of the Trust with a report then submitted to the Committee.

The annual appraisal method is chosen as it is an effective way to assess performance against a range of performance targets and leadership responsibilities and includes feedback from Non-Executive Directors and peers as part of a 360-degree feedback process.

In coming to any decision on remuneration, the Committee takes account of the circumstances of the Trust, the size and complexity of the role, any changes in the Directors portfolio, the performance of the individual and any appropriate national guidance. Senior managers are remunerated based on these decisions.

In considering Senior Managers pay the Committee took note of national benchmark data provided by NHS Providers and the requirement to consider any pay above a threshold of £150,000 as per cabinet office guidance.

Future policy table

Please see in the following table details of the components of the remuneration package for senior managers. This is made up of:

Components of Senior Managers remuneration:
Base Salary
Performance related pay (where appropriate).

Base salaries are set in line with market information and are designed to ensure retention, or recruitment, of the calibre and experience required to deliver the aims of the Trust. Salaries are revised annually and uplifted only if:

- There is demonstrable evidence that an uplift is required to keep in line with the market

- A change in portfolio necessitates an uplift

The performance related pay scheme is based on the NHS Pay framework for Very Senior Managers. The Appointment and Remuneration Committee would, annually, consider whether the overall performance of the Trust warrants consideration of a performance related element being paid and if so the parameters of such an award.

Service contracts obligations and Policy on payment for loss of office

HM Treasury has issued specific guidance on severance payments within 'Managing Public Money' and special severance payments when staff leave requires Treasury approval.

All contracts are permanent with no fixed end date. There are no contractual provisions for payments on termination of contract.

Statement of consideration of employment conditions elsewhere

In considering any decision on remuneration the Committee takes note of both the organisational and national context.

Pay multiples (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce. For BSUH NHS Trust this is the highest paid employee because Executive Directors are employees of Western Sussex Hospitals NHS Foundation Trust.

The banded remuneration of the highest paid director in the financial year 2018/19 was £290k - £295k (2017/18: £290k - £295k). This was 12 times (2017/18: 13) the median remuneration of the workforce, which was £25.2k (2017/18: £23.2k).

In 2018/19, no employees (2017/18: nil) received remuneration in excess of the highest-paid director. Remuneration ranged from £9k to £239k, excluding directors (2017/18 £9k to £194k).

The banded salary referenced above includes the total remuneration paid for roles undertaken at Western Sussex Hospitals and Brighton and Sussex University Hospitals. Taking into account only that part of the director remuneration that relates to Brighton and Sussex University Hospitals, the banded remuneration of the highest paid director is £145 - £150k. This was 6 times the median remuneration of the workforce and in 2018/19, 30 employees received remuneration in excess of this.

Total remuneration 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.

Salary and Pension entitlements of senior managers (subject to audit)

The Trust entered into a management contract with Western Sussex Hospitals NHS Foundation Trust from 1 April 2017. The Executive Team and Chairman of Western Sussex Hospitals NHS Foundation Trust are also the Executive Team and Chairman

of the Trust. The disclosure below shows the full salary and the proportion of salary attributable to the Trust in table 1 and table 2.

Expenses incurred by Non-Executive Directors have not been apportioned between the two organisations.

Trust Executive and Non-Executive Directors 2018/19 – Table 1

	Salary Bands of £5,000 a	Total expenses Nearest £100 b	Bonus Bands of £5,000 c	L/term bonus Bands of £5,000 d	Pension Benefit* Bands of £2,500 e	Total Bands of £5,000 f
Marianne Griffiths Chief Executive	265 - 270	93	20 - 25	-	17.5 - 20	320 - 325
Peter Landstrom Chief Delivery and Strategy Officer	155 - 160	239	5 - 10	-	27.5 - 30	215 - 220
Karen Geoghegan Chief Financial Officer	190 - 195	5	5 - 10	-	45 - 47.5	245 - 250
George Findlay Chief Medical Officer	185 - 190	296	-	45 - 50	162.5 - 165	430 - 435
Nicola Ranger Chief Nursing Officer	175 - 180	126	5 - 10	-	37.5 - 40	230 - 235
Denise Farmer Chief Workforce Officer	165 - 170	140	5 - 10	-	-	185 - 190
Alan McCarthy (from 1st October 2018) Chairman	30 - 35	7	-	-	-	35 - 40
Patrick Boyle Non-Executive Director and Acting Chairman (1st June 2018 to 30th September 2018)	15 - 20	-	-	-	-	15 - 20
Joanna Crane Non-Executive Director	5 - 10	8	-	-	-	5 - 10
Jon Furmston Non-Executive Director	5 - 10	1	-	-	-	5 - 10
Elizabeth Peers Non-Executive Director	5 - 10	7	-	-	-	5 - 10
Michael Rymor Non-Executive Director	5 - 10	11	-	-	-	5 - 10
Kirstin Baker Non-Executive Director Adviser	5 - 10	-	-	-	-	5 - 10
Martin Sinclair Non-Executive Director Adviser	5 - 10	-	-	-	-	5 - 10
Michael Viggers (to 31st May 2018) Chairman	5 - 10	-	-	-	-	5 - 10
Professor Malcolm Reed Non-Executive Director	5 - 10	-	-	-	-	5 - 10

Proportion of salary / cost attributable to the Trust 2018/19 - Table 2

	Salary Bands of £5,000	Total expenses Nearest £100	Bonus Bands of £5,000	L/term bonus Bands of £5,000	Total Bands of £5,000
Marianne Griffiths Chief Executive	130 - 135	47	10 - 15	-	150 - 155
Peter Landstrom Chief Delivery and Strategy Officer	125 - 130	189	5 - 10	-	150 - 155
Karen Geoghegan Chief Financial Officer	95 - 100	3	0 - 5	-	100 - 105
George Findlay Chief Medical Officer	90 - 95	148	-	20 - 25	130 - 135
Nicola Ranger Chief Nursing Officer	85 - 90	63	0 - 5	-	95 - 100
Denise Farmer Chief Workforce Officer	80 - 85	70	0 - 5	-	90 - 95
Alan McCarthy Chairman	10 - 15	2	-	-	10 - 15

Trust Executive and Non-Executive Directors 2017/18 – Table 3

	Salary Bands of £5,000 a	Total expenses Nearest £100 b	Bonus Bands of £5,000 c	L/term bonus Bands of £5,000 d	Pension Benefit* Bands of £2,500 e	Total Bands of £5,000 f
Marianne Griffiths Chief Executive	265 - 270	81	20 - 25	0	150 - 152.5	450 - 455
Peter Landstrom Chief Delivery and Strategy Officer	155 - 160	58	5 - 10	0	122.5 - 125	290 - 295
Karen Geoghegan Chief Financial Officer	190 - 195	5	5 - 10	0	190 - 192.5	390 - 395
George Findlay Chief Medical Officer	185 - 190	317	0	45 - 50	55 - 57.5	320 - 325
Nicola Ranger Chief Nursing Officer	160 - 165	39	0	0	145 - 147.5	310 - 315
Denise Farmer Chief Workforce Officer	165 - 170	56	5 - 10	0	0	180 - 185
Michael Viggers Chairman	35 - 40	67	0	0		35 - 40
Joanna Crane Non-Executive Director	5 - 10	0	0	0		5 - 10
Jon Furrston Non-Executive Director	5 - 10	0	0	0		5 - 10
Patrick Boyle Non-Executive Director	5 - 10	0	0	0		5 - 10
Michael Rymer Non-Executive Director	5 - 10	0	0	0		5 - 10
Elizabeth Peers Non-Executive Director	5 - 10	0	0	0		5 - 10
Kirstin Baker Non-Executive Director Adviser	5 - 10	0	0	0		5 - 10
Martin Sinclair Non-Executive Director Adviser	5 - 10	0	0	0		5 - 10
Graham Hodgson Non-Executive Director Adviser	0 - 5	0	0	0		0 - 5
Professor Malcolm Reed Non-Executive Director	5 - 10	0	0	0		5 - 10

Proportion of salary attributable to the Trust 2017/18 - Table 4

	Salary Bands of £5,000	Total expenses Nearest £100	Bonus Bands of £5,000	L/term bonus Bands of £5,000	Total Bands of £5,000
Marianne Griffiths Chief Executive	130-135	40	0	0	135 - 140
Peter Landstrom Chief Delivery and Strategy Officer	75-80	29	0	0	80 - 85
Karen Geoghegan Chief Financial Officer	95-100	2	0	0	95 - 100
George Findlay Chief Medical Officer	90-95	158	0	20 - 25	130 - 135
Nicola Ranger Chief Nursing Officer	80-85	20	0	0	80 - 85
Denise Farmer Chief Workforce Officer	80-85	28	0	0	85 - 90

Pension benefits include benefits accrued as a result of total pension in the pension scheme and not just service in a senior capacity to which disclosure applies. Pension benefits are not therefore able to be split between the Trust and Western Sussex Hospitals NHS Foundation Trust.

Pension Entitlements as at 31st March 2019

	Real increase in pension at age 60 (bands of £2,500)	Real increase in pension lump sum at aged 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2018 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2018 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2019 (nearest £1,000)	Cash Equivalent Transfer Value at 31 March 2018 (nearest £1,000)	Real increase in Cash Equivalent Transfer Value (nearest £1,000)	Employer's contribution to Stakeholder Pension
Marianne Griffiths Chief Executive	0 - 2.5	5 - 7.5	45 - 50	145 - 150	1,169	986	153	Nil
Peter Landstrom Chief Delivery and Strategy Officer	2.5 - 5	-	30 - 35	80 - 85	437	342	85	Nil
Karen Geoghegan Chief Financial Officer	2.5 - 5	-	60 - 65	140 - 145	1,107	913	167	Nil
George Findlay Chief Medical Officer	7.5 - 10	12.5 - 15	80 - 85	140 - 145	1,183	889	266	Nil
Nicola Ranger Chief Nursing Officer	2.5 - 5	-	55 - 60	130 - 135	1,073	897	149	Nil
Denise Farmer Chief Workforce Officer	NA	NA	NA	NA	NA	NA	NA	Nil

Pension Entitlements as at 31st March 2018

	Real increase in pension at age 60 (bands of £2,500)	Real increase in pension lump sum at aged 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2018 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2018 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2018 (nearest £1,000)	Cash Equivalent Transfer Value at 31 March 2017 (nearest £1,000)	Real increase in Cash Equivalent Transfer Value (nearest £1,000)	Employer's contribution to Stakeholder Pension
Marianne Griffiths Chief Executive	7.5 - 10	22.5 - 25	40 - 45	130 - 135	986	776	203	Nil
Peter Landstrom Chief Delivery and Strategy Officer	5 - 7.5	10 - 12.5	25 - 30	60 - 65	342	257	82	Nil
Karen Geoghegan Chief Financial Officer	10 - 12.5	17.5 - 20	50 - 55	135 - 140	913	706	200	Nil
George Findlay Chief Medical Officer	2.5 - 5	0 - 2.5	50 - 55	120 - 125	889	803	78	Nil
Nicola Ranger Chief Nursing Officer	7.5 - 10	0	50 - 55	125 - 130	897	860	28	Nil
Denise Farmer Chief Workforce Officer	NA	NA	NA	NA	NA	NA	NA	Nil

Staff Report

Staff Policies applied in respect of Equality, Diversity and Inclusion

The Board remains committed to addressing longstanding equality issues at the Trust. The Leadership, Culture and Workforce programme (LCW) was created in 2017/18 to address these, which has Executive ownership and leadership. Equality and Inclusion is one of the 13 workstreams, and this is led by our Chief Executive, Dame Marianne Griffiths.

BSUH has been a 'Two Tick' employer since 2002 (now Disability Confident Employer Level 2). All new employees are given the opportunity to indicate if they need additional support under these schemes. We widely advertise this on our website, in our recruitment literature and on our Equality information site. Our commitment is also highlighted within our Equality, Diversity and Inclusion Policy. This applies equally for current staff moving from one position to another and external candidates.

For those staff who regrettably have become disabled during their employment, if necessary to support staff we apply the Equality, Diversity and Inclusion Policy, Sickness Absence Policy and, if required, the Disability and Reasonable Adjustments guidelines. Staff would work with their line manager and HR to ensure that modifications to role/hours still enable the department/service to function whilst supporting the staff member to continue to be a valued employee.

The Trust has also participated in the Workforce Equality Standard (WRES), this is a set of 9 metrics that are used to help spotlight the disparity of experience between our White and Black and Minority Ethnic (BME) staff. This is a national standard and we are seeing improvements year on year. At our WRES Conference last May (2018), a WRES Working Group was formed and this group have helped to formulate a 3 year Action Plan (2018 - 2021), which was fully adopted by our Board in October 2018.

The Equality, Diversity and Inclusion Team (EDI) continue to facilitate both general and specialised training sessions. Some of these have included how to Support Staff who are transitioning and they have updated the guidance on this "Guidelines for Supporting Trans Patients and Staff", sessions have also been on Accessible Information, Hate Crime and many other aspects relating to Inclusion. EDI continue support both face-to-face and online learning – thus enabling us to ensure that the workforce are aware of their duties and responsibilities under equality legislation.

The NHS Accessible Information Standard was launched in July 2016 and BSUH has made significant strides to ensure that we are better meeting the needs of our patients who have additional communication support needs. Working with our Learning Disability Liaison Team we have more information that is available in Easy Read, we provide Sono Personal Listening devices for patients who are hard of hearing, and may need assistance whilst they are visiting/using our services. We have also provided a Hospital Communication book on wards and departments which is pictorial and helps enable greater communication between our patients and health providers. We also continue to provide British Sign Language Interpreters

(BSL) for patients who require this and have seen an increase in the usage of Braille translations for our patients.

Gender distribution of staff

- All staff: 70% female; 30% male
- (Non-Medical) Senior Managers (AFC Band 8a+): 66% female; 34% male
- Board Members (voting): 50% female; 50% male

Staff costs (subject to audit)

	Group			2017/18 Total £000
	Permanent £000	Other £000	2018/19 Total £000	
Salaries and wages	281,492	-	281,492	264,807
Social security costs	31,101	-	31,101	29,632
Apprenticeship levy	1,499	-	1,499	1,412
Employer's contributions to NHS pensions	34,856	-	34,856	33,334
Pension cost - other	40	-	40	31
Temporary staff	-	34,331	34,331	31,531
Pharm@sea staff	490	-	490	443
Total gross staff costs	349,478	34,331	383,809	361,190
Of which				
Costs capitalised as part of assets	336	115	451	221
Total staff costs excluding capitalised costs	349,142	34,216	383,358	360,969

Average number of employees (WTE basis)

	Group			2017/18 Total Number
	Permanent Number	Other Number	2018/19 Total Number	
Medical and dental	1,142	21	1,163	1,114
Ambulance staff	15	-	15	15
Administration and estates	2,012	110	2,122	2,025
Healthcare assistants and other support staff	314	14	328	323
Nursing, midwifery and health visiting staff	3,134	440	3,574	3,484
Nursing, midwifery and health visiting learners	-	-	-	-
Scientific, therapeutic and technical staff	525	16	541	519
Healthcare science staff	285	15	300	295
Other	-	-	-	1
Total average numbers	7,427	616	8,043	7,776
Of which:				
Number of employees (WTE) engaged on capital projects	6	2	8	3

Number of senior managers by pay band

	WTE	Heads
AFC Band 8a	215.3	243
AFC Band 8b	104.5	112
AFC Band 8c	34.9	38
AFC Band 8d	17.5	19
AFC Band 9	11.0	11
VSM	11.8	12
Total	395.0	435

Sickness absence

The Trust's sickness rate is 3.96% for the year 2018/19. This rate has reduced from 4.26% for the 2017/18 year. Of the overall sickness rate 1.88% is attributable to short term sickness and 2.08% is due to long term sickness.

The Trust continues to invest in staff health and wellbeing, recognising that it is a key component of staff engagement. Our health and wellbeing plans for 2019/20 will focus on identifying what is important for staff when addressing health and wellbeing.

In addition, one of our schemes in making staffing more efficient will include reducing sickness absence with a target of 3.75%.

Expenditure on Consultancy

The Trust spent £2.0m on external consultancy in 2018/19. This compares to £2.2m in 2017/18.

Off-payroll engagements

As an organisation subject to Her Majesty's Treasury (HMT) Guidance '*Managing Public Money*', BSUH NHS Trust has a responsibility in safeguarding public interest.

In May 2012, HMT carried out a review on the tax arrangements of senior public sector appointees. The aim of the review was to ascertain the extent of arrangements which could allow public sector appointees to minimise their tax payments and make appropriate recommendations to address the problem.

The Trust operates a policy covering off payroll engagements. This policy provides guidance to ensure compliance with HMT's recommendations on tax arrangements for the following public-sector appointees:

- Board members
- Senior officials with significant financial responsibility
- Engagements of more than six months in duration, for more than a daily rate of £245

The table below relates to all off-payroll engagements as of 31 March 2018 for more than £245 per day that lasts for longer than six months:

	Number
Number of existing engagements	0
Of which the number that have existed:	
For less than one year at the time of reporting	0

All existing off-payroll engagements have been subject to a risk-based assessment of whether evidence is required that the individual is paying the right amount of tax and, where necessary, assurance has been sought.

There were no new off-payroll engagements, or those reaching six months in duration, between 1 April 2018 and 31 March 2019, for more than £245 per day which last for longer than six months.

There were no off-payroll engagements of board members and/or senior officials with significant financial responsibility between 1 April 2018 and 31 March 2019.

Exit Packages (subject to audit)

For the year ended 31 March 2019 there were the following exit packages.

Exit package cost band (including any special payment element)	Number of compulsory redundancies Number	Number of other departures agreed Number	Total number of exit packages Number
Below £10,000	1	-	1
£10,000 - £25,000	-	-	-
£50,001 - £100,000	1	-	1
Total number of exit packages by type	2	-	2
Total cost (£)	£67,000	£0	£67,000

Reporting of compensation schemes - exit packages 2017/18

Exit package cost band (including any special payment element)	Number of compulsory redundancies Number	Number of other departures agreed Number	Total number of exit packages Number
£25,001 - 50,000	2	-	2
£50,001 - £100,000	2*	-	2*
Total number of exit packages by type	4	-	4
Total resource cost (£)	£217,000	£0	£217,000

Note * in 2017/18 we reported 3 exit packages, however one was not paid until 2018/19 and therefore has been restated in the correct year.

Secondments

The Trust supported 2 staff with their career development through secondments to other organisations and by facilitating other organisations to second 4 staff to BSUH.

For the 2 staff seconded out of the Trust the Trust was reimbursed their salaries. There were no staff seconded for which the Trust received no reimbursement.

For the 4 staff seconded into BSUH the Trust reimbursed their employer for their salary. There were no staff seconded to the Trust for which we made no salary reimbursement.

Trade Union (Facility Time Publication Requirements) Regulations 2017

The Trade Union (Facility Time Publication Requirements) Regulations 2017, took effect from 1 April 2017. These regulations were laid following the enactment of the Trade Union (TU) Act 2016. The Trade Union Act was passed in May 2016; one of the elements of this Act is the requirement for employers in the public sector to publish information on facility time.

The purpose of these regulations is to promote transparency and allow for public scrutiny of facility time through the requirement of organisation's to collect and publish, on an annual basis, a range of data in relation to their usage and spend of TU facility time in respect of their employees who are TU representatives.

Facility Time is the provision of paid or unpaid time off from an employee's normal role to undertake TU duties and activities as a TU representative. There is a statutory entitlement to reasonable paid time off for undertaking union duties. There is no such entitlement to paid time off for undertaking activities.

The facility time (FT) data that organisations are required to collate and publish under the 2017 regulations are:

- Number of employees who were relevant union officials during the relevant period
- How many employees who were relevant union officials during the relevant period spent a)0%, b)1 – 50%, c) 51-99% or d)100% of their working hours on facility time
- Percentage of the total pay bill spent on facility time
- Time spent on paid trade union activities as a percentage of total paid facility time hours

The Trust is required to publish this information on its website by the 31 July each year, our information will be uploaded within that timeframe. Below is the Trust's latest information recognising that the data collection for the final quarter of the year remains in progress at the time of this report.

TRADE UNION FACILITY TIME REPORTING

1 April 2017 – 31 March 2018

Table 1 – Relevant Union Officials

Number of employees who were relevant union officials during the relevant period	Full time equivalent employee number
61	56.4

Table 2 – Percentage of time spent on facility time

How many employees who were relevant union officials employed during the relevant period spent their working hours on facility time	
Percentage of time	Number of employees
0%	0
1%-50%	61
51%-99%	0
100%	0

Table 3 – Percentage of pay bill spent on facility time

The percentage of total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period	
Total cost of facility time	33,388.32
Total pay bill	360,688,000.00
Percentage of the total pay bill spent on facility time	0.01%

Table 4 – Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours
19.09%

NHS STAFF SURVEY 2018

The National NHS Staff Survey is undertaken each year by all trusts within England and Wales with the aim of capturing staff views on their experiences at work and NHS services.

The Trust has an identified strategic theme for “Our People”, which is a True North Objective to be in the Top 20% of Employers for Staff Engagement. The supporting

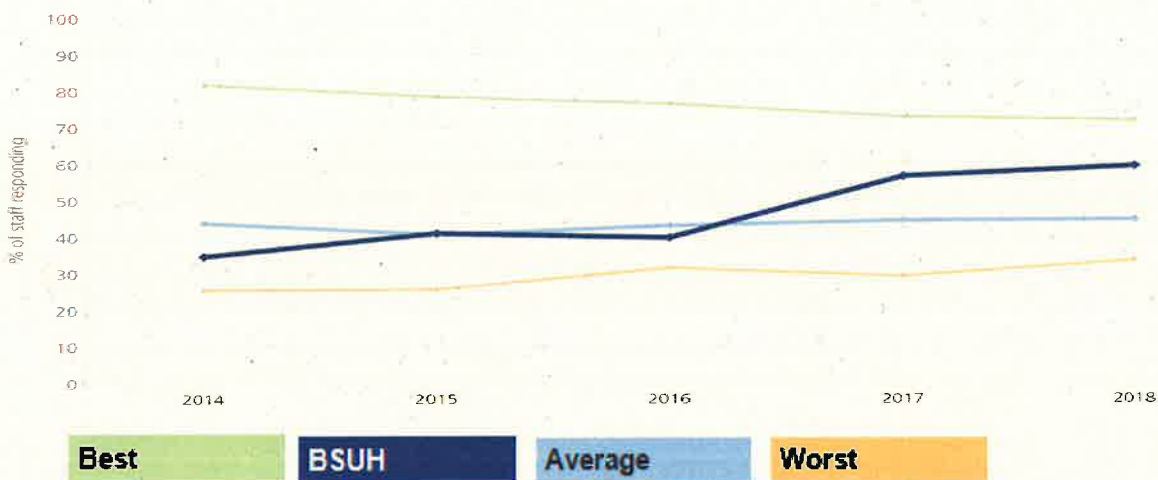
Breakthrough Objective this year was that staff believe that “Care of Patients/Service Users is the organisation’s Top Priority”.

The trust’s results improved significantly in 2018 results and an analysis of national staff survey scores by Listening into Action shows that the trust recorded the third highest improvement.

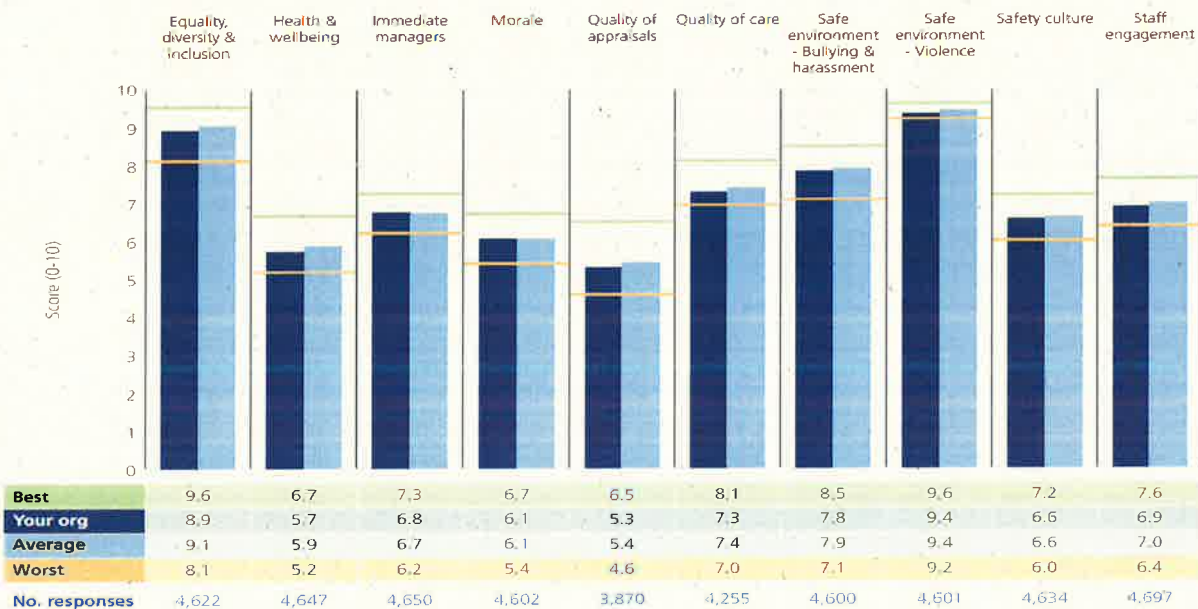
SUMMARY OF RESULTS

The Trust’s overall response rate for the number of staff participating in the 2018 survey was 59.1%, equating to 4,739 staff, which was an improvement on the 56.3% response rate in 2017. The national average response rate for 89 acute trusts is 44%.

The table below shows BSUH historical comparison against the National average, best and worst participation rates for acute trusts. As shown our participation rate has increased significantly from 2014. Benchmarked against acute trusts in England and Wales we are 15% above the average.



Benchmarked against National results a summary of our 10 Themes are as follows:



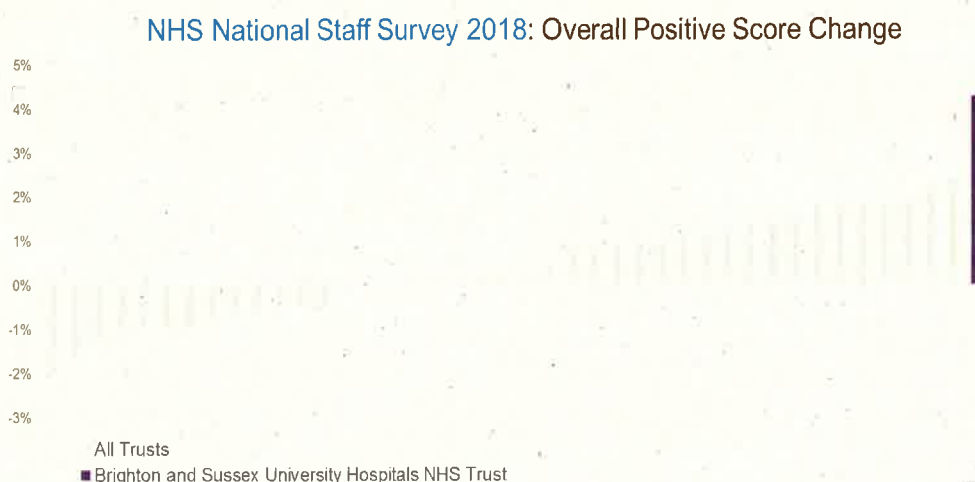
Compared to the average score for national acute trusts we are better in 1; Immediate managers (0.1), the same in 3; Morale (6.1), Safe environment – Violence (9.4) and Safety culture (6.6). We were marginally below the average on the remaining 6 Themes; 0.1 under Quality of appraisal, Quality of care, Safe environment – bullying and harassment and Staff engagement. We were 0.2 under the average for Health and Wellbeing and Equality, diversity and inclusion.

Compared to the best scoring trusts we are below in all themes. Quality of appraisal is 1.2 below the best and Health and Wellbeing at 1.0 below the trust score. The remaining 8 Themes are less than 1 point from the best; Safe environment – Violence is closer to the best performing Trust at 0.2 under.

Overall our results show positive changes from 2017. The trust has significantly increased in all 9 measurable Themes. Morale has no historical score as the questions were new for 2018.

Theme	2017 score	2017 respondents	2018 score	2018 respondents	Statistically significant change?
Equality, diversity & inclusion	8.8	4185	8.9	4622	↑
Health & wellbeing	5.4	4219	5.7	4647	↑
Immediate managers	6.5	4213	6.8	4650	↑
Morale		0	6.1	4602	N/A
Quality of appraisals	4.9	3406	5.3	3870	↑
Quality of care	7.2	3785	7.3	4255	↑
Safe environment - Bullying & harassment	7.5	4176	7.8	4600	↑
Safe environment - Violence	9.2	4125	9.4	4601	↑
Safety culture	6.2	4208	6.6	4634	↑
Staff engagement	6.5	4237	6.9	4697	↑

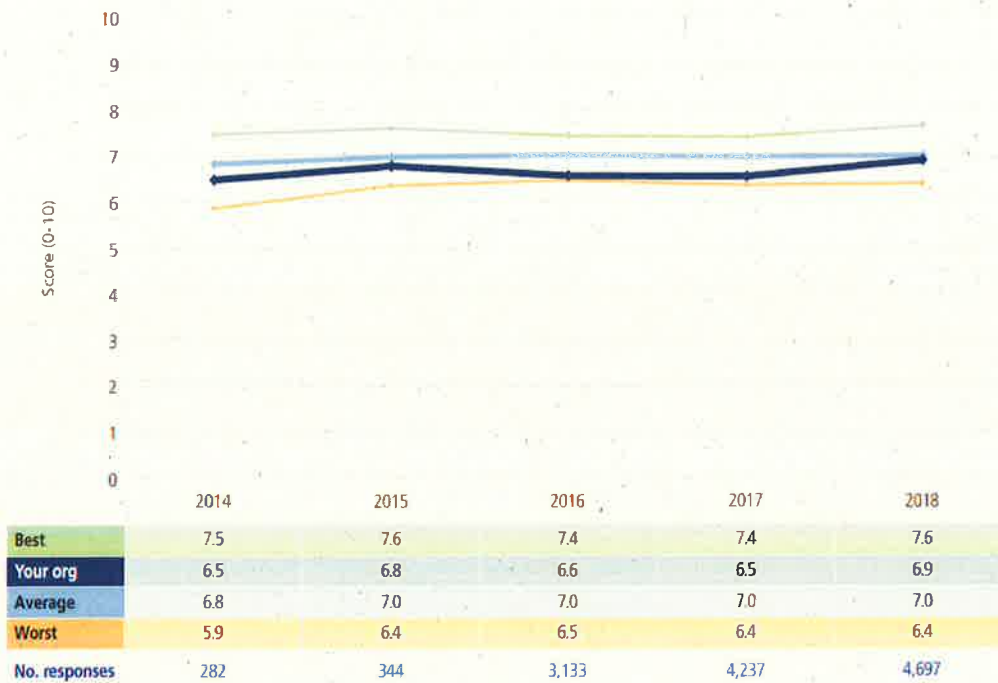
Compared to Acute Trusts surveyed by Picker we are ranked top out of 43 acute trusts for the most positive changes in our scoring since 2017, the graph below shows the comparison.



Our number one ranking is driven by 60 out of 90 questions achieving a significant positive improvement from 2017. As defined by Picker, a significant improvement means that statistically we can be confident our results reflect a real difference from 2017. This demonstrates that the changes we have implemented since 2016 are making a difference to the culture of the organisation and the engagement of staff.

Our Engagement Scores

Staff engagement has been a key focus for the trust over the last two years. The Staff Engagement Theme is made up of 3 sub-themes; Motivation, Improvement and Recommendation. Each sub-theme contains 3 questions which make up the overall score. Our 2018 score is 6.9, a significant increase on our 2017 score of 6.5. We are just under the national acute trust average score of 7 and 0.6 below the best acute trust score of 7.6.

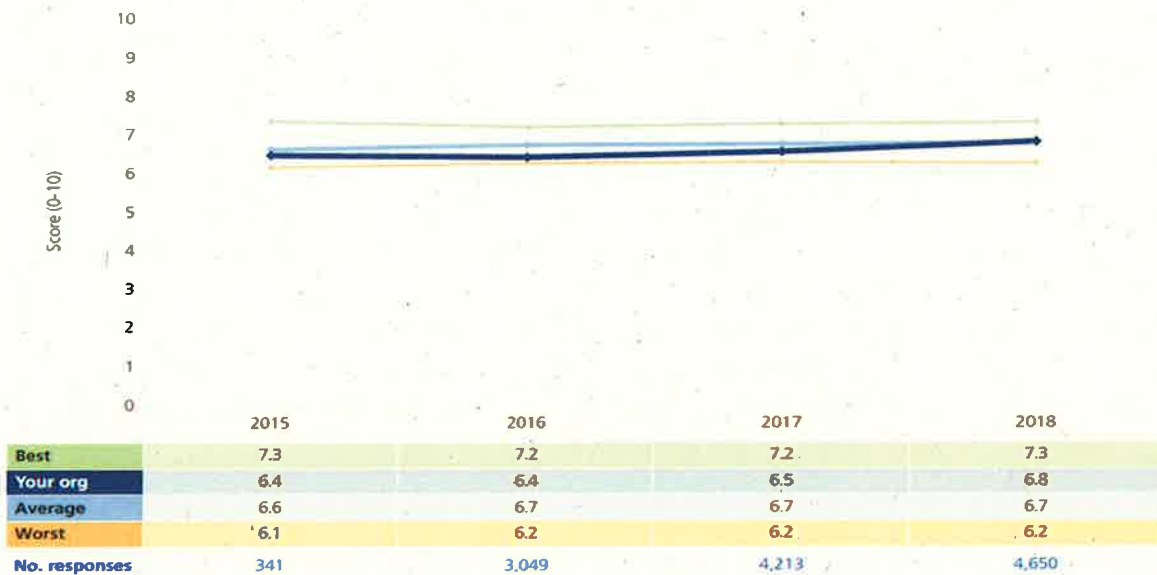


All nine staff engagement questions improved since the 2017 survey and eight out of nine saw significant increases in scores.

Our breakthrough objective under the strategic theme of 'Our People' within our Patient First programme was to match the average for acute trusts in question 21a, staff believing that care of patients and service users is our organisations top priority.

Question 21a 'Care of patients/service users is my organisations top priority' increased by 9.1% from 2017 and matched the average score for acute trusts. This demonstrates the Trust's commitment to putting actions in place to ensure our staff are passionate about delivering excellent quality care and putting our patients first and foremost.

OUR STRENGTHS



Immediate Managers

The Theme Immediate Managers is part of the 10 summary indicators and was the only theme we achieved above the average score for acute trusts. We were also only 0.5 from the best Trust score.

This is driven by five out of six questions that make up the Immediate Manager Theme achieving above the average score for acute trusts. Question 19g 'My manager supports me to receive training, Learning and Development' was 1% below the average score.

All questions were just below the best trust score, with the exception of question 19g which scored 13.5% below the best

Immediate managers Theme score:

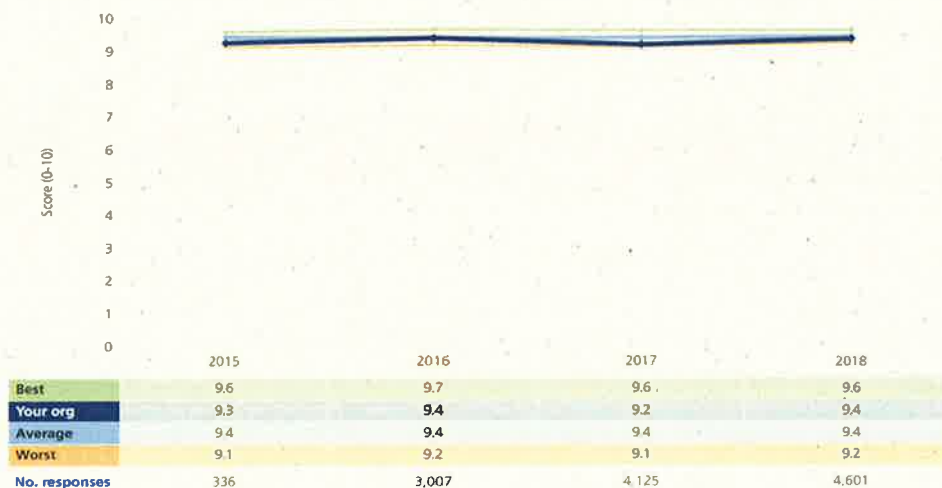


Table to show Immediate Managers Theme questions:

Question	BSUH 2017	BSUH 2018	National Acute Trust Average	Variance from Avg	National Acute Trust Best	Variance from BEST	National Acute Trust Worse	Variance from WORST
Q5b I am satisfied with the support I get from my immediate manager.	65%	69%	69%	1%	77%	-8%	58%	11%
Q8c My immediate manager gives me clear feedback on my work.	56%	61%	60%	1%	69%	-8%	51%	10%
Q8d My immediate manager asks for my opinion before making decisions that affect my work.	52%	56%	54%	2%	61%	-5%	44%	12%
Q8f My immediate manager takes a positive interest in my health and well-being.	65%	68%	67%	1%	74%	-6%	58%	11%
Q8g My immediate manager values my work.	70%	73%	71%	2%	79%	-6%	64%	9%
Q19g My manager supported me to receive training, learning or development.	50%	53%	54%	-1%	66%	-13%	47%	6%

We also achieved significantly positive results in Safe environment – violence. This was a key area of concern from staff feedback from the 2017 Staff Survey and following input and feedback from stakeholders improvements have been made in equipment for security guards and in our procedure for dealing with patients and service users that may compromise the safety of our staff.

Overall for this theme we matched the average acute trust score of 9.4 out of 10 and were 0.2 below the best Trust score.

There are three questions that contribute to this theme. We matched the average in question 12b *'In the last 12 months how many times have you personally experienced physical violence at work from Managers'* and were slightly under the average for questions 12a *'In the last 12 months how many times have you personally experienced physical violence at work from Patients / service users, their relatives or other members of the public'* and 12c *'In the last 12 months how many times have you personally experienced physical violence at work from other colleagues'*.

We were marginally under the best trust score for questions 12b and 12c and 6% under the best on question 12a.

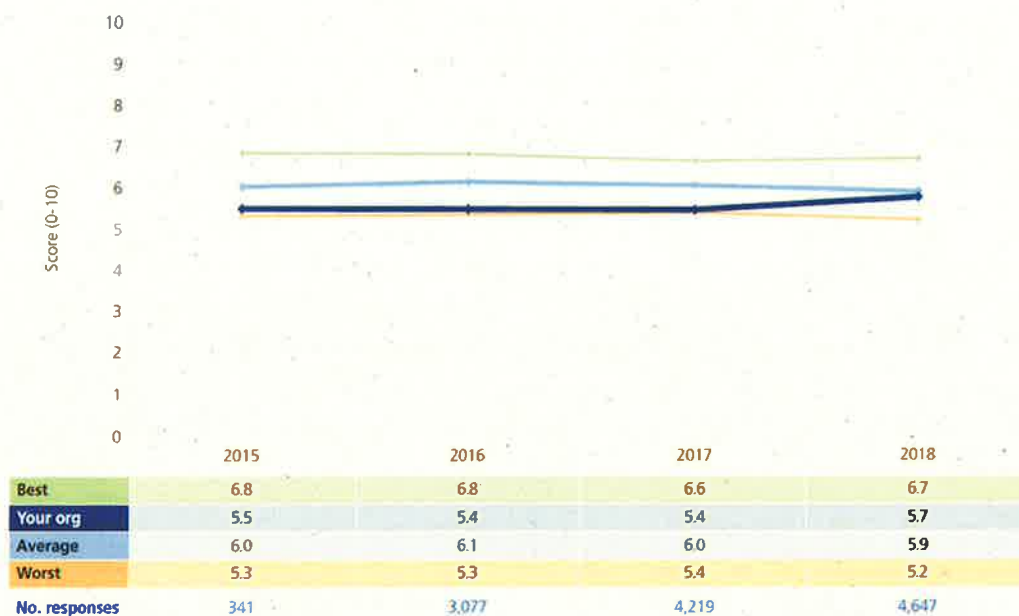
Table to show Safe environment – Violence Theme questions

* indicates a lower score is a positive measure

Question	BSUH 2017	BSUH 2018	National Acute Trust Average	Variance from Avg	National Acute Trust Best	Variance from BEST	National Acute Trust Worse	Variance from WORST
Q12a In the last 12 months how many times have you personally experienced physical violence at work from...Patients / service users, their relatives or other members of the public*	19%	17%	14%	-2%	10%	-6%	21%	5%
Q12b In the last 12 months how many times have you personally experienced physical violence at work from...Managers*	1%	1%	1%	0%	0%	-1%	2%	1%
Q12c In the last 12 months how many times have you personally experienced physical violence at work from...Other colleagues*	3%	2.1%	1.6%	-1%	1%	-2%	7%	4%

OPPORTUNITIES FOR IMPROVEMENT

Although we have improved in all Health and Wellbeing questions in 2018, the overall theme score presents an opportunity for further improvement in this area.



and Wellbeing Theme score

Health

The table above shows that compared to the average score we were 0.2 below and compared to the best Trust score we are one point under for our overall theme score.

The individual questions show that we scored above the average acute trust for questions 5h 'How satisfied are you with the opportunities for flexible working patterns' and 11d 'In the last three months have you ever come to work despite not feeling well enough to perform your duties?' and we were under 10% away from the best Trust score on both questions. Question 11d was one of the top 5 most improved scores from 2017. This shows that staff believe the trust supports a good level of work/life balance and is reducing presentism.

Questions 11b 'In the last 12 months have you experienced musculoskeletal problems (MSK) as a result of work activities?' and 11c 'During the last 12 months have you felt unwell as a result of work related stress?' both scored below the average and the best acute trust scores. The low score for the overall Theme is driven by primarily by question 11a 'Does your organisation take positive action on health and well-being?' being 4% under the average Trust score and 23% under the best trust score.

This question scored 85% overall positive responses, however 62% of staff believe the organisation takes positive action on health and wellbeing 'to some extent', rather than answering 'yes definitely', which is used as the scoring measure for this

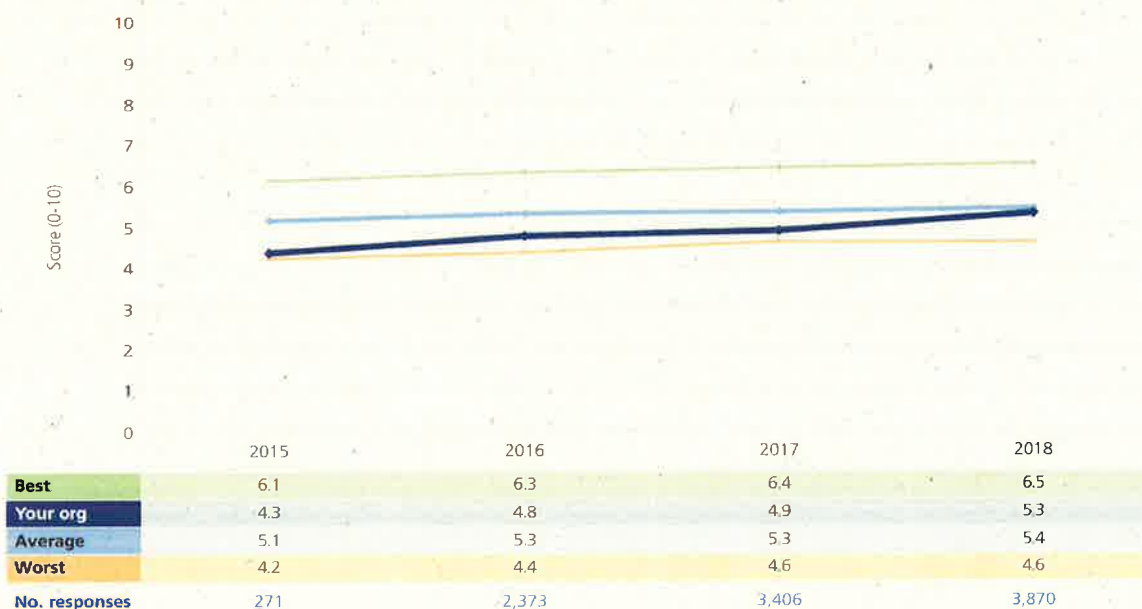
question. This is in contrast to question 8f 'My immediate manager takes a positive interest in my health and well-being,' which scored 1% over the average trust score and only 6% below the best trust. Indicating staff feel they have individual support from their manager but do not believe the trust overall takes positive action to support staff health and wellbeing.

Question	BSUH 2017	BSUH 2018	National Acute Trust Average	Variance from Avg	National Acute Trust Best	Variance from BEST	National Acute Trust Worse	Variance from WORST
Q5h How satisfied are you with the opportunities for flexible working patterns.	50%	55%	52%	3%	60%	-6%	43%	12%
Q11a Does your organisation take positive action on health and well-being?	21%	23%	28%	-4%	47%	-23%	15%	8%
Q11b In the last 12 months have you experienced musculoskeletal problems (MSK) as a result of work activities?*	32%	31%	29%	-2%	20%	-10%	38%	7%
Q11c During the last 12 months have you felt unwell as a result of work related stress?*	45%	42%	39%	-3%	29%	-13%	47%	5%
Q11d In the last three months have you ever come to work despite not feeling well enough to perform your duties?*	61%	56%	57%	1%	48%	-9%	64%	8%

* indicates a lower score is a positive measure

Our summary indicators also reveal that quality of appraisal is one of our low scoring areas when compared to the best performing trust.

Quality of Appraisals Theme score



The summary theme shows that although we were just under the average for this indicator it was our lowest score compared to the best performing trust.

All 4 questions scored between 10% and 21% below the best trust score. In particular Question 19e 'The values of the organisation were discussed as part of the appraisal process' was the highest at 21% variance from the best score.

Question	BSUH 2017	BSUH 2018	National Acute Trust Average	Variance from Avg	National Acute Trust Best	Variance from BEST	National Acute Trust Worse	Variance from WORST
Q19b It helped me to improve how I do my job.	19%	22%	23%	-1%	35%	-13%	14%	8%
Q19c It helped me agree clear objectives for my work.	30%	33%	35%	-1%	46%	-13%	23%	11%
Q19d It left me feeling that my work is valued by my organisation.	27%	32%	32%	0%	43%	-10%	23%	10%
Q19e The values of my organisation were discussed as part of the appraisal process.	26%	31%	35%	-4%	53%	-21%	22%	9%

Over the last two years the Trust has focused on driving appraisal rates and participation. This now requires a focus on the quality and content of the appraisal to make it meaningful for staff.

LOOKING AHEAD TO 2019/20

In the next 12 month we will focus on:

- Reviewing our breakthrough objective and continuing to focus on low scoring areas within the staff engagement theme.
- Instigating improvement plans to address key themes arising from the results, which have been identified as being Health and Wellbeing and quality of appraisal.
- Work with divisions to identify and address areas of improvement and celebrate successes. Focus on working with Chief Financial Officer and Chief Operating Officer to understand issues driving lower than average scores across the majority of questions and Themes.
- Continuing to work with staff on our Equality, Diversity and Inclusion theme, including gaining Stonewall accreditation and building upon the work carried out on our WRES action group
- Continue the roll-out of the Patient First and Strategic Development programmes to improve opportunities for staff to contribute ideas towards making improvements in the workplace and ensure this is linked to the achievement of the breakthrough objective.
- Review the questions we ask staff to complete in our monthly mini survey on engagement and Patient First to align with our improvement plans.

- **Build on the success of our increased participation rates from the 2018 annual staff survey to increase the score in 2019, ensuring feedback and involvement of staff across the Trust.**

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF BRIGHTON AND SUSSEX UNIVERSITY HOSPITALS NHS TRUST

Opinion

We have audited the financial statements of Brighton and Sussex University Hospitals NHS Trust for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the Trust and Group Statement of Comprehensive Income, the Trust and Group Statement of Financial Position, the Trust and Group Statement of Changes in Taxpayers' Equity, the Trust and Group Statement of Cash Flows and the related notes 1 to 52. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2018-19 HM Treasury's Financial Reporting Manual (the 2018-19 FReM) as contained in the Department of Health and Social Care Group Accounting Manual 2018-19 and the Accounts Direction issued by the Secretary of State with the approval of HM Treasury as relevant to the National Health Service in England (the Accounts Direction).

In our opinion the financial statements:

- give a true and fair view of the financial position of Brighton and Sussex University Hospitals NHS Trust as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the National Health Service Act 2006 and the Accounts Directions issued thereunder.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the Trust has been unable to meet its financial break-even duties and has reported a significant deficit in year and is budgeting for a further deficit in the next financial year. The Trust is reliant on continued revenue support loans from the Department of Health and Social Care to continue operating. As stated in note 1.2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Health Services Act 2006

In our opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with the Health Services Act 2006 and the Accounts Directions issued thereunder.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the governance statement does not comply with the NHS Improvement's guidance; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Trust under section 24 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

In respect of the following we have matters to report by exception:

- Referral to the Secretary of State

We refer a matter to the Secretary of State under section 30(1)(b) of the Local Audit and Accountability Act 2014 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.

On 16 May 2018 we referred a matter to the Secretary of State under Section 30(1)(b) of the Local Audit and Accountability Act 2014 on the basis that the Trust breached its break-even duty. That was on the basis that the unaudited financial statements for 2017/18 showed an in year £55.6 million deficit with a cumulative breakeven position of £163.9 million deficit. For 2018/19 the Trust has reported an in year deficit of £50.9 million which would result in a cumulative breakeven position of £214.9 million deficit.

The statutory accounts indicate the Trust has a cumulative deficit at 31 March 2019 of £219.8 million over the four year period from 1 April 2015 to 31 March 2019. On 16 May 2019 we made a further referral to the Secretary of State under Section 30(1)(b) to confirm that the Trust is still in breach of its break-even duty.

Proper arrangements to secure economy, efficiency and effectiveness

We report to you, if we are not satisfied that the Trust has put in place proper arrangements to secure economy efficiency and effectiveness in its use of resources.

Basis for qualified conclusion on reporting by exception

The Trust reported a deficit of £50.9 million in its financial statements for the year ending 31 March 2019, thereby breaching its duty under paragraph 2 (1) of Schedule 5 the National Health Service Act 2006, to break even. The Trust has not yet succeeded in addressing the

underlying deficit in its budget and is forecasting a further deficit of £51.15 million for 2019/20. These issues are evidence of weaknesses in proper arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

Qualified conclusion on reporting by exception

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in February 2019, with the exception of the matters reported in the basis for qualified conclusion paragraph above, we are satisfied that, in all significant respects, Brighton and Sussex University Hospitals NHS Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Responsibilities of the Directors and Accountable Officer

As explained more fully in the Statement of Directors' Responsibilities in respect of the Accounts, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. In preparing the financial statements, the Accountable Officer is responsible for 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 the Accountable Officer either intends to cease operations, or have no realistic alternative but to do so.

As explained in the statement of the Chief Executive's responsibilities, as the Accountable Officer of the Trust, the Accountable Officer is responsible for the arrangements to secure economy, efficiency and effectiveness in the use of the Trust's resources.

Auditor's responsibility for the audit of the financial statements

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

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

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in February 2019, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under section 21(3)(c), as amended by schedule 13 paragraph 10(a), of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Section 21(5)(b) of the Local Audit and Accountability Act 2014 requires that our report must not contain our opinion if we are satisfied that proper arrangements are in place.

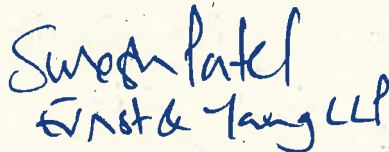
We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of Brighton and Sussex University Hospitals NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the Trust Board of Brighton and Sussex University Hospitals NHS Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose. Our audit work has been undertaken so that we might state to the Directors of the Trust those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors, for our audit work, for this report, or for the opinions we have formed.


Suresh Patel
Ernst & Young LLP

Suresh Patel (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Southampton
29 May 2019

The maintenance and integrity of the Brighton and Sussex University Hospitals NHS Trust web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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FINANCIAL STATEMENTS

The key highlights for the Trust's financial performance for the year were:

- Actual performance - against a challenging operational and commissioning landscape the Trust delivered a deficit for the year of £63.04m. After adjusting for the impact of impairments and adjustments in relation to the donated asset reserve the adjusted reported deficit is £50.95m.
- Control total performance - The control total was set at a deficit of £65.40m and the Trust achieved a comparable deficit of £65.34m; £65k better than plan.
- Provider Sustainability Funding (PSF) – having delivered the financial control total the Trust earned £14.39m of PSF.
- Efficiency Programme - underpinning both the control total achievement and in-year investment in services was the delivery of £30.2m of savings; £0.2m better than plan.
- Capital - expenditure on capital schemes of £105.4m, including £67.8m on the 3Ts building development, £14.8m on the ED emergency floor and backlog, £4.2m on estates, £6.4m on Information Technology, £3.1m on replacement equipment and £3.0m on service developments.

Summary of the Trust's 2018/19 financial performance.

2018/19 Control Total Deficit	65.34
PSF Funding	(14.39)
Adjusted Financial Performance	<hr/> 50.94
Impairments & Donated Asset Movement	12.10
Reported Deficit	<hr/> 63.04

Going Concern

These accounts have been prepared on the basis that the Trust is a going concern as there is no indication that the healthcare and other services will not continue to be provided by the public sector for the foreseeable future. As such, the financial statements do not include the adjustments that would result if the Trust were unable to continue as a going concern. The Group Accounting Manual (GAM) requires the management of the Trust to consider the following public sector interpretation of International Accounting Standard (IAS) 1 in respect of applying the going concern assumption when preparing its financial statements, noting:

“For non-trading entities in the public sector, the anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision for that service in published documents, is normally sufficient evidence of going concern. Department of Health and Social Care (DHSC) group bodies must therefore prepare their accounts on a going concern basis unless informed by the relevant national body or DHSC sponsor of the intention for dissolution without transfer of services or function to another entity. A trading entity needs to consider whether it is appropriate to continue to prepare its financial statements on a going concern basis where it is being, or is likely to be, wound up.” (GAM 2018-19 Para 4.12.).

The Trust has not been advised of intention for dissolution without the transfer of services or function to another entity and as such the accounts have been prepared on a going concern basis. The Trust was issued with a 2019-20 control total of £51.148m deficit, excluding Provider and Sustainability Fund (PSF) and Financial Recovery Fund (FRF). The Trust Board confirmed acceptance of the control total through submission of the operational plan.

Further, during 2018/19 there was significant focus on developing a medium term financial plan for the Trust; incorporating the period to the end of 2023/24. Importantly, the plans incorporate the key priorities established during the refresh of the clinical strategy which also took place in 2018/19. The Trust has met with NHSI Executives at agreed intervals throughout 2018/19 to share, test and shape the plans. In addition, the plans have commissioner support and reflect Sustainability and Transformation Partnership (STP) priorities which support the Trust; including recognising BSUH as the tertiary centre.

The Trust is aware, however, of the following conditions which give rise to a material uncertainty and may cast significant doubt about the Trust's ability to continue as a going concern. Against a challenging operational and commissioning landscape the Trust delivered an actual deficit for the year of £63.0m. After adjusting for the impact of impairments and adjustments in relation to donated assets the adjusted deficit is £50.9m.

The DHSC provided deficit funding of £58.2m as revenue support loans in year bringing the total borrowings including capital investment loans to £299.7m at 31 March 2019. The Trust is entering into the third year of the management contract with Western Sussex Hospitals NHS Foundation Trust (WSHT) and NHS Improvement (NHSI). The intention of the management agreement was to provide strong and stable leadership to the Trust for at least three years; following a period of instability and deterioration in all aspects of performance. A process is underway to determine future management arrangements with an expectation that a decision will be made by the Western Sussex Hospitals Foundation Trust's Board by the end of September 2019.

The Trust's 2019-20 cash flow forecast is based on the assumptions contained within the 2019-20 financial plan. The key assumptions underpinning the cash flow are that the Trust will receive revenue support loan funding from the DHSC to finance the revenue deficit, non-recurrent allocations from the PSF and FRF respectively, as detailed in the control total documentation, and Public Dividend Capital to fund the 3Ts capital build and Pathology developments. The deficit support funding is authorised by the DHSC monthly in advance and is conditional on the achievement of the agreed financial control total for the year. Deficit support funding totalling £6.5m for April and May 2019 has been approved by DHSC.

The Trust has agreed an Aligned Incentive Contract with local Clinical Commissioning Groups for 2019/20; with a value of £306m. The Trust has agreed a Payment by Results contract with NHS England Specialised Commissioning for 2019/20; with a value of £169.7m.

Income and Expenditure

The Trust is reporting Group income of £587.1m in 2018/19 which is a reduction from the £562.9m reported in 2017/18. The majority of the Trust's income is for patient care services and this income grew from £504.0m to £514.1m. The table below shows the sources of the Trust's income.

Trust Income

	Group	
	2018/19 £000	2017/18 £000
Income from patient care activities	514,141	503,947
Research and development	5,228	3,877
Education and training	30,728	27,961
Provider sustainability / sustainability and transformation fund (PSF / STF)	14,394	8,280
Other contract income	14,326	7,196
Non-patient care services to other bodies	1,618	5,102
Charitable fund incoming resources	1,044	1,355
Other income	5,660	5,143
Total Income	587,139	562,861

The table below shows the Trust's main operating expenses with largest element being Staff costs at £374.8m for 2018/19 which is an increase from £352.2m in 2017/18.

Trust Operating Expenditure

	Group	
	2018/19 £000	2017/18 £000
Staff and executive directors costs	374,820	352,178
Supplies and services - clinical (excluding drugs costs)	63,115	62,586
Drug costs	77,776	77,902
Clinical negligence	22,547	21,522
Depreciation on property, plant and equipment	18,953	19,778
Premises	16,435	17,052
Supplies and services - general	7,062	7,128
Education and training	6,788	9,647
Research and development	5,894	4,737
Other expenses including impairments	41,771	39,759
Total Operating expenditure	635,161	612,289

Efficiency

The Trust achieved efficiencies of £30.2m in 2018/19 against a target of £30m.

Cost Improvement		Plan	Actual
		£'000	Number
Hospital medicine and pharmacy	Non-pay	1,048	2,204
Pathology	Non-Pay	122	315
Procurement	Non-Pay	5,736	3,975
Estates and Facilities	Non-pay	1,102	954
Estates and Facilities	Pay (Skill mix)	104	259
Estates and Facilities	Pay (WTE reductions)	283	0
Estates and Facilities	Income (other operating income)	243	207
Corporate and admin	Pay (Skill mix)	825	821
Corporate and admin	Non-pay	550	547
Corporate and admin	Income (patient care activities)	60	62
Imaging	Pay (Skill mix)	412	207
Imaging	Non-Pay	389	482
Imaging	Income (patient care activities)	12	7
New Care Models	Pay (WTE reductions)	144	37
New Care Models	Income (patient care activities)	12	1
Private Patients	Income (Patient Care Activities)		
Procurement	Non-pay	5,736	3,975
Pathology	Pay (Skill mix)	599	226
Workforce - AHP	Pay (Skill mix)	565	383
Workforce - Medical	Non pay		
Workforce - Medical	Pay (Skill mix)	1,667	2,569
Workforce - Medical	Pay (WTE reductions)	1,914	1,381
Workforce - Multiple	Pay (Skill mix)		
Workforce - Nursing	Non pay		
Workforce - Nursing	Pay (Skill mix)	2,413	2,229
Workforce - Nursing	Pay (WTE reductions)	976	1,248
Workforce - Other	Pay (Skill mix)	1,688	669
Workforce - Other	Pay (WTE reductions)	1,331	1,806
Other Savings plans	Pay (Skill mix)	138	224
Other Savings plans	Pay (WTE reductions)	429	217
Other Savings plans	Non-pay	4,811	6,862
Other Savings plans	Income (Patient Care Activities)	2,313	2,293
Other Savings plans	Income (other operating income)	0	1
Total		30,000	30,203

Better Payments Practice Code

The Better Payments Practice Code requires that the Trust pays all invoices within 30 days of the receipt of a valid invoice. The performance target is 95% compliance with actual performance below this. Delays to the receipt of payment from debtors and the receipt of funding to support the deficit position reduced the Trust's ability to pay suppliers promptly.

Measure of Compliance	2018/19	2018/19	2017/18	2017/18
	Number	£'000	Number	£'000
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	151,501	491,077	144,804	454,027
Total Non-NHS Trade Invoices Paid Within Target	100,508	348,773	77,691	290,008
Percentage of Non-NHS Trade Invoices Paid Within Target	66.3%	71.0%	53.9%	63.9%
NHS Payables				
Total NHS Trade Invoices Paid Within Target	2,839	45,980	2,971	44,176
Total NHS Trade Invoices Paid Within Target	1,514	31,911	1,251	26,555
Percentage of NHS Trade Invoices Paid Within Target	53.3%	69.4%	42.1%	60.1%

Revaluations and impairments

Revaluations and impairments led to an increase in asset values of £4.7m in the revaluation reserve and an impairment of £13.4m recognised in the statement of comprehensive income.

Capital expenditure

Additions to tangible fixed assets in 2018/19 were £105.4m.

Commissioning arrangements

Key points to note:

- The Trust has 9 main contracts with commissioners agreed for 2018/19 (table 1).
- The contracts and commissioning agreements are mandated national contracts which include; performance standards, activity and contract values.
- Agreed contract values are based on estimates of anticipated activity, adjusted for growth and agreed developments. The contract value is underpinned by the application of national tariff and/or local prices.

Brighton and Hove City CCG continues to be the coordinating commissioner on behalf of the other 8 Sussex and Surrey CCGs. The £286m CCG contract is an Aligned Incentive Contract (AIC) reflecting a minimum income guarantee with associated obligations for all parties.

The NHSE Contract for commissioned Specialised Services, Secondary Dental and Public Health Screening services is a contract based on the principles of payment by

results (PbR). The combined contract value of £180m was underpinned by an agreed work plan and improved contract governance.

The Trust has 2 commissioned agreements with both Sussex MSK partnerships based on PbR rules and national terms and conditions. They have a combined value of c£24m. The MSK partnerships are directly commissioned by CCGs as provider for Elective MSK services and subcontract secondary care services to BSUH.

The Local Authority commissions Sexual Health Services from the Trust via a fixed value contract which is expected to be tendered in 2019/20.

Table 1. Contract Summary

Main Contract	Body	Contract Type	2018/19 Value
1. General Acute Services	Sussex Clinical Commissioning Groups (CCG)	Aligned Incentive Contract	£286m
2. Specialised Services	NHS England	Payment by Results	£161.6m
3. Secondary Dental	NHS England	Payment by Results	£3.8m
4. Public Health Screening	NHS England	Programme Budget	£8.9m
5. Hepatitis C therapy	NHS England	Payment by Results	£5.6m
6. Sexual Health Services	Brighton Local Authority / NCA	Programme Budget	c£2.9m
7. Elective MSK Services	Sussex MSK Partnership – Central	Payment by Results	c£19.8m
8. Elective MSK Services	Sussex MSK Partnership – East	Payment by Results	c£3.9m
9. Integrated Community Dermatology	Brighton and Hove CCG	Programme Budget	£2m

Capital plans and cash position

The initial capital plan for 2019/20 is £169.7m which includes £119.0m for the 3Ts project, £29.4m for the Emergency Floor and Backlog Maintenance projects and £21.3m for a range of estates, IT and medical equipment projects. The cash plan that backs these projects is supported by both loan and public dividend capital funding from the Department of Health and Social Care (DHSC). The planned deficit is being supported by revenue support loans from the DHSC that ensures that the Trust has adequate working capital.

Financial outlook

The Trust has submitted its operational and financial plans for 2019/20. The control total, as agreed with NHS Improvement, is a planned deficit of £51.148m; excluding any non-recurrent allocations from the Provider Sustainability Fund (PSF) and newly formed Financial Recovery Fund (FRF). Including non-recurrent allocations, the control total is a deficit of £25.747m. Delivery of the plan is underpinned by an efficiency expectation of £27.07m; for which schemes have been identified.

Summary

2018/19 was a successful yet challenging year. The Trust delivered all financial priorities including; stabilising the deficit, delivering the control total deficit, identifying and delivering planned savings and exiting financial special measures. Further, the Trust made significant progress in both understanding historic financial performance and developing a medium term financial plan. 2019/20 will bring further challenges but the Trust is well placed to respond. The key financial priorities for next year are to:

- deliver the control total deficit as agreed with NHSI;
- secure support for the proposal for financial sustainability; and
- ensure plans are in place to support the opening of Phase 1 of the 3Ts new hospital build.

Appendices

Appendix 1: Consolidated Financial Statements and Notes to the Accounts

Report from the Chief Financial Officer

In 2018/19 the Trust delivered a deficit of £63.0m after technical adjustments. These technical adjustments related to impairments on the revaluation of the hospital estate including our newly commissioned buildings. The deficit position reflects achievement of the control total agreed with our regulators.

BSUH acts as a Corporate Trustee for the BSUH NHS Trust Charitable Funds. The total fund balance as at 31 March 2019 was £12.8m. Income from donations, legacies and investment income totalled £1.4m in 2018/19. During the year £2.0m was spent on clinical research, patient and staff welfare. The annual accounts for charitable funds have been consolidated with the accounts of the Trust in accordance with national reporting requirements relating to common control. We continue to be extremely grateful for the continuing support we receive from our volunteers, supporters, Friends and other providers of charitable funds and for the additional facilities they enable us to provide and we look forward to continuing those relationships.

2018/19 was a successful yet challenging year. The Trust delivered all financial priorities including; stabilising the deficit, delivering the control total deficit, identifying and delivering planned savings and exiting financial special measures. Further, the Trust made significant progress in both understanding historic financial performance and developing a medium term financial plan. 2019/20 will bring further challenges but the Trust is better placed to respond.



Karen Geoghegan
Chief Financial Officer
28 May 2019

Brighton and Sussex University Hospitals NHS Trust

Annual accounts for the year ended 31 March 2019

Statement of Comprehensive Income

	Note	Group		Trust	
		2018/19	2017/18	2018/19	2017/18
		£000			
Operating income from patient care activities	3	514,141	503,947	514,141	503,947
Other operating income	4	72,998	58,914	73,582	59,206
Operating expenses	7, 9	(635,161)	(612,289)	(634,987)	(612,206)
Operating surplus/(deficit) from continuing operations		(48,022)	(49,428)	(47,264)	(49,053)
Finance income	12	498	368	155	37
Finance expenses	13	(11,492)	(9,987)	(11,490)	(9,985)
PDC dividends payable		(4,441)	(5,105)	(4,441)	(5,105)
Net finance costs		(15,435)	(14,724)	(15,776)	(15,053)
Other gains / (losses)	14	-	32	-	32
Corporation tax expense		(113)	(152)	-	-
Surplus / (deficit) for the year from continuing operations		(63,570)	(64,272)	(63,040)	(64,074)
Surplus / (deficit) on discontinued operations and the gain / (loss) on disposal of discontinued operations	16	-	-	-	-
Surplus / (deficit) for the year		(63,570)	(64,272)	(63,040)	(64,074)
Other comprehensive income					
Will not be reclassified to income and expenditure:					
Impairments	8	(3,222)	(2,353)	(3,222)	(2,353)
Revaluations	22	7,877	6,633	7,877	6,633
May be reclassified to income and expenditure when certain conditions are met:					
Fair value gains/(losses) on financial assets mandated at fair value through OCI	25	967	10	-	-
Total comprehensive income / (expense) for the period		(57,948)	(59,982)	(58,385)	(59,794)
Surplus/ (deficit) for the period attributable to:					
Non-controlling interest, and Brighton and Sussex University Hospitals NHS Trust		(63,570)	(64,272)	-	-
TOTAL		(63,570)	(64,272)	(63,040)	(64,074)
Total comprehensive income/ (expense) for the period attributable to:					
Brighton and Sussex University Hospitals NHS Trust		(57,948)	(59,982)	-	-
TOTAL		(57,948)	(59,982)	(57,948)	(59,982)

Statement of Financial Position

	Note	Group		Trust	
		31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
Non-current assets					
Intangible assets	18	2,343	550	2,343	550
Property, plant and equipment	20	498,221	422,560	498,104	422,387
Other investments / financial assets	25	12,757	11,790	1,101	1,101
Receivables	29	4,081	3,683	4,081	3,683
Total non-current assets		517,402	438,583	505,629	427,721
Current assets					
Inventories	28	9,351	9,550	8,485	8,788
Receivables	29	42,232	45,179	41,712	45,610
Cash and cash equivalents	32	8,282	16,622	6,908	15,872
Total current assets		59,865	71,351	57,105	70,270
Current liabilities					
Trade and other payables	33	(61,698)	(61,168)	(60,633)	(62,265)
Borrowings	35	(60,300)	(23,047)	(60,300)	(23,047)
Provisions	37	(556)	(1,725)	(556)	(1,725)
Other liabilities	34	(1,293)	(2,837)	(1,293)	(2,837)
Total current liabilities		(123,847)	(88,777)	(122,782)	(89,874)
Total assets less current liabilities		453,420	421,157	439,952	408,117
Non-current liabilities					
Borrowings	35	(268,740)	(243,877)	(268,740)	(243,877)
Provisions	37	(1,759)	(2,062)	(1,736)	(2,030)
Other liabilities	34	-	(10)	-	(10)
Total non-current liabilities		(270,499)	(245,949)	(270,476)	(245,917)
Total assets employed		182,921	175,208	169,476	162,200
Financed by					
Public dividend capital		403,633	337,972	403,633	337,972
Revaluation reserve		58,460	53,805	58,460	53,805
Financial assets reserve		-	-	-	-
Other reserves		-	-	-	-
Merger reserve		-	-	-	-
Income and expenditure reserve		(292,617)	(229,577)	(292,617)	(229,577)
Pharm@Sea Reserve		631	494	-	-
Charitable fund reserves	27	12,814	12,514	-	-
Total taxpayers' equity		182,921	175,208	169,476	162,200

The notes on pages 8 to 66 form part of these accounts.

Dame Marianne Griffiths
Chief Executive

28-May-19

Statement of Changes in Equity for the year ended 31 March 2019

Group	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Charitable fund reserves £000	Total £000
Taxpayers' and others' equity at 1 April 2018 - brought forward	337,972	53,805	(229,083)	12,514	175,208
Surplus/(deficit) for the year	-	-	(64,136)	566	(63,570)
Impairments	-	(3,222)	-	-	(3,222)
Revaluations	-	7,877	-	-	7,877
Fair value gains/(losses) on financial assets mandated at fair value through OCI	-	-	-	967	967
Public dividend capital received	65,661	-	-	-	65,661
Other reserve movements	-	-	1,233	(1,233)	-
Taxpayers' and others' equity at 31 March 2019	403,633	58,460	(291,986)	12,814	182,921

Statement of Changes in Equity for the year ended 31 March 2018

Group- Restated	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Charitable fund reserves £000	Total £000
Taxpayers' and others' equity at 1 April 2017 - brought forward	294,776	51,228	(167,206)	12,801	191,599
Prior period adjustment	-	-	395	-	395
Taxpayers' and others' equity at 1 April 2017 - restated	294,776	51,228	(166,811)	12,801	191,994
Surplus/(deficit) for the year	-	-	(65,042)	770	(64,272)
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	-	(1,699)	1,699	-	-
Impairments	-	(2,353)	-	-	(2,353)
Revaluations	-	6,633	-	-	6,633
Transfer to retained earnings on disposal of assets	-	(4)	4	-	-
Fair value gains/(losses) on available-for-sale financial investments	-	-	-	10	10
Public dividend capital received	43,196	-	-	-	43,196
Other reserve movements	-	-	1,067	(1,067)	-
Taxpayers' and others' equity at 31 March 2018	337,972	53,805	(229,083)	12,514	175,208

Statement of Changes in Equity for the year ended 31 March 2019

	Public dividend capital £000	Trust		Total £000
		Revaluation reserve £000	Income and expenditure reserve £000	
Taxpayers' and others' equity at 1 April 2018 - brought forward	337,972	53,805	(229,182)	162,595
Surplus/(deficit) for the year	-	-	(64,273)	(64,273)
Impairments	-	(3,222)	-	(3,222)
Revaluations	-	7,877	-	7,877
Public dividend capital received	65,661	-	-	65,661
Taxpayers' and others' equity at 31 March 2019	403,633	58,460	(292,222)	169,871

Statement of Changes in Equity for the year ended 31 March 2018

	Public dividend capital £000	Trust		Total £000
		Revaluation reserve £000	Income and expenditure reserve £000	
Taxpayers' and others' equity at 1 April 2017 - brought forward	294,776	51,228	(167,206)	178,798
Surplus/(deficit) for the year	-	-	(64,074)	(64,074)
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	-	(1,699)	1,699	-
Impairments	-	(2,353)	-	(2,353)
Revaluations	-	6,633	-	6,633
Share of comprehensive income from associates and joint ventures	-	(4)	4	-
Public dividend capital repaid	43,196	-	-	43,196
Taxpayers' and others' equity at 31 March 2018	337,972	53,805	(229,182)	162,595

Information on reserves

Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. Additional PDC may also be issued to trusts by the Department of Health and Social Care. A charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as the public dividend capital dividend.

Revaluation reserve

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

Income and expenditure reserve

The balance of this reserve is the accumulated surpluses and deficits of the trust.

Charitable funds reserve

This reserve comprises the ring-fenced funds held by the NHS charitable funds consolidated within these financial statements. These reserves are classified as restricted or unrestricted; a breakdown is provided in note 27.

Statement of Cash Flows

	Note	Group		Trust	
		2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Cash flows from operating activities					
Operating surplus / (deficit)		(48,022)	(49,428)	(47,264)	(49,053)
Non-cash income and expense:					
Depreciation and amortisation	7.1	19,202	19,962	19,146	19,906
Net impairments	8	13,443	8,948	13,443	8,948
Income recognised in respect of capital donations	4	(650)	-	(1,853)	(1,037)
Amortisation of PFI deferred credit		-	-	-	-
Non-cash movements in on-SoFP pension liability		-	-	-	-
(Increase) / decrease in receivables and other assets		2,494	3,157	3,374	3,947
(Increase) / decrease in inventories		199	(737)	303	(679)
Increase / (decrease) in payables and other liabilities		(5,907)	(4,143)	(7,744)	(4,315)
Increase / (decrease) in provisions		(1,336)	(2,399)	(1,327)	(2,399)
Movements in charitable fund working capital		254	443	-	-
Tax (paid) / received		(115)	(195)	-	-
Other movements in operating cash flows		-	(66)	-	-
Net cash flows from / (used in) operating activities		(20,438)	(24,458)	(21,922)	(24,682)
Cash flows from investing activities					
Interest received		155	37	155	37
Purchase of intangible assets		(2,042)	-	(2,042)	-
Purchase of PPE and investment property		(97,317)	(61,406)	(97,317)	(61,406)
Sales of PPE and investment property		-	-	-	-
Receipt of cash donations to purchase assets		650	-	1,853	1,037
Net cash flows from charitable fund investing activities		343	331	-	-
Net cash flows from / (used in) investing activities		(98,211)	(61,038)	(97,351)	(60,332)
Cash flows from financing activities					
Public dividend capital received		65,661	43,196	65,661	43,196
Public dividend capital repaid		-	-	-	-
Movement on loans from DHSC		60,913	65,776	60,913	65,776
Capital element of PFI, LIFT and other service concession payments		(541)	(1,490)	(541)	(1,490)
Interest on loans		(9,112)	(6,632)	(9,112)	(6,632)
Interest paid on PFI, LIFT and other service concession obligations		(2,297)	(2,583)	(2,297)	(2,583)
PDC dividend (paid) / refunded		(4,315)	(4,820)	(4,315)	(4,820)
Net cash flows from / (used in) financing activities		110,309	93,447	110,309	93,447
Increase / (decrease) in cash and cash equivalents		(8,340)	7,951	(8,964)	8,433
Cash and cash equivalents at 1 April - brought forward		16,622	8,639	15,872	7,407
Prior period adjustments		-	-	-	-
Cash and cash equivalents at 1 April - restated		16,622	8,639	15,872	7,407
Unrealised gains / (losses) on foreign exchange		-	32	-	32
Cash and cash equivalents at 31 March	32	8,282	16,622	6,908	15,872

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

The Department of Health and Social Care 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 2018/19 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.

Note 1.1.1 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.

Note 1.2 Going concern

These accounts have been prepared on the basis that the Trust is a going concern as there is no indication that the healthcare and other services will not continue to be provided by the public sector for the foreseeable future. As such, the financial statements do not include the adjustments that would result if the Trust were unable to continue as a going concern.

The GAM requires the management of the Trust to consider the following public sector interpretation of IAS 1 in respect of applying the going concern assumption when preparing its financial statements, noting:

"For non-trading entities in the public sector, the anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision for that service in published documents, is normally sufficient evidence of going concern. DHSC group bodies must therefore prepare their accounts on a going concern basis unless informed by the relevant national body or DHSC sponsor of the intention for dissolution without transfer of services or function to another entity. A trading entity needs to consider whether it is appropriate to continue to prepare its financial statements on a going concern basis where it is being, or is likely to be, wound up." (GAM Para 4.12.)"

The Trust has not been advised of intention for dissolution without the transfer of services or function to another entity and as such the accounts have been prepared on a going concern basis. The Trust was issued with a 2019-20 control total of £51.148m deficit, excluding PSF and FRF. The Trust Board confirmed acceptance of the control total through submission of the operational plan.

Further, during 2018/19 there was significant focus on developing a medium term financial plan for the Trust; incorporating the period to the end of 2023/24. Importantly, the plans incorporate the key priorities established during the refresh of the clinical strategy which also took place in 2018/19. The Trust has met with NHSI Executives at agreed intervals throughout 2018/19 to share, test and shape the plans. In addition, the plans have commissioner support and reflect STP priorities which support the Trust; including recognising BSUH as the tertiary centre.

The Trust is aware, however, of the following conditions which give rise to a material uncertainty and may cast significant doubt about the Trust's ability to continue as a going concern. Against a challenging operational and commissioning landscape the Trust delivered an actual deficit for the year of £63.0m. After adjusting for the impact of impairments and adjustments in relation to donated assets the adjusted deficit is £50.9m.

The DHSC provided deficit funding of £58.2m as revenue support loans in year bringing the total borrowings including capital investment loans to £299.7m at 31 March 2019. The Trust is entering into the third year of the management contract with Western Sussex Hospitals NHS Foundation Trust (WSHT) and NHSI. The intention of the management agreement was to provide strong and stable leadership to the Trust for at least three years; following a period of instability and deterioration in all aspects of performance. A process is underway to determine future management arrangements with an expectation that a decision will be made by the Western Sussex Hospitals Foundation Trust's Board by the end of September 2019.

The Trust has agreed an Aligned Incentive Contract with local Clinical Commissioning Groups for 2019/20; with a value of £306m. The Trust has agreed a Payment by Results contract with NHS England Specialised Commissioning for 2019/20; with a value of £169.7m.

Note 1.3 Consolidation

Brighton and Sussex University Hospitals NHS Charitable Funds

The trust is the corporate trustee to Brighton and Sussex University Hospitals NHS Charitable funds. The trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund.

The charitable fund's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:

- recognise and measure them in accordance with the trust's accounting policies and
- eliminate intra-group transactions, balances, gains and losses.

Pharm@Sea Limited

Subsidiary entities are those over which the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines. The capital and reserves attributable to minority interests are included as a separate item in the Statement of Financial Position. The results of the wholly owned subsidiary, Pharm@Sea Limited, have been consolidated.

The amounts consolidated are drawn from the published financial statements of the subsidiary for the year.

Where subsidiaries' accounting policies are not aligned with those of the trust (including where they report under UK FRS 102) then amounts are adjusted during consolidation where the differences are material. Inter-entity balances, transactions and gains/losses are eliminated in full on consolidation.

Note 1.4 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS). As directed by the GAM, the transition to IFRS 15 in 2018/19 has been completed in accordance with paragraph C3 (b) of the Standard: applying the Standard retrospectively but recognising the cumulative effects at the date of initial application (1 April 2018).

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Group accrues income relating to performance obligations satisfied in that year. Where the Group'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.

There are no material contracts for which the performance obligation has not been satisfied as at 31 March 2019.

Revenue from NHS contracts

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

In the adoption of IFRS 15 a number of practical expedients offered in the Standard have been employed. These are as follows;

- As per paragraph 121 of the Standard The Group will not disclose information regarding performance obligations part of a contract that has an original expected duration of one year or less,
- The Group is to similarly not disclose information where revenue is recognised in line with the practical expedient offered in paragraph B16 of the Standard where the right to consideration corresponds directly with value of the performance completed to date.
- The FReM has mandated the exercise of the practical expedient offered in C7(a) of the Standard that requires The Group to reflect the aggregate effect of all contracts modified before the date of initial application.

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 Group's interim performance does not create an asset with alternative use for the Group, and the Group 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 Group recognises revenue each year over the course of the contract.

NHS injury cost recovery scheme

The Group 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 Group recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

Note 1.4.1 Revenue grants and other contributions to expenditure

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.

The value of the benefit received when accessing funds from the 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, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Note 1.4.2 Other income

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract. For the Year ended 31 March 2019 the Group did not sell any non-current assets. Note 4.1

Note 1.5 Expenditure on employee benefits

Short-term employee benefits

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

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. 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.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

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

Note 1.6 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.

Note 1.7 Property, plant and equipment

Note 1.7.1 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 Group
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the item has cost of at least £5,000, or
- collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, eg, plant and equipment, then these components are treated as separate assets and depreciated over their own useful lives.

Note 1.7.2 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.

All assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (ie operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost on a modern equivalent asset basis.

Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements of the services being provided.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences when the assets 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 lives or low values or both, as this is not considered to be materially different from current value in existing use.

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

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Depreciation

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

Property, plant and equipment which has been reclassified as 'held for sale' cease to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Group, respectively.

Revaluation gains and losses

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

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

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

Impairments

In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

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

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

Note 1.7.3 De-recognition

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

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable ie:
 - 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 abandoned 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. 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 useful life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Note 1.7.4 Donated and grant funded assets

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

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

Note 1.7.5 Private Finance Initiative (PFI) transactions

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-Statement of Financial Position' by the Group. In accordance with IAS 17, the underlying assets are recognised as property, plant and equipment, together with an equivalent finance lease liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- a) Payment for the fair value of services received;
- b) Payment for the PFI asset, including finance costs; and
- c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'

PFI Asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value or, if lower, at the present value of the minimum lease payments, in accordance with the principles of IAS 17. Subsequently, the assets are measured at current value in existing use.

PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the initial value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Income.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Group's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term accrual or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

Assets contributed by the Group to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the Group's Statement of Financial Position.

Note 1.7.6 Useful lives of property, plant and equipment

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life	Max life
	Years	Years
Buildings, excluding dwellings	1	87
Dwellings	4	87
Plant & machinery	5	15
Information technology	5	10
Furniture & fittings	7	15

Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the Group expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Note 1.8 Intangible assets

Note 1.8.1 Recognition

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

Internally generated intangible assets

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use
- the Group intends to complete the asset and sell or use it
- the Group has the ability to sell or use the asset
- how the intangible asset will generate probable future economic or service delivery benefits, eg, the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the Group to complete the development and sell or use the asset and
- the Group can measure reliably the expenses attributable to the asset during development.

Software

Software which is integral to the operation of hardware, eg 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, eg application software, is capitalised as an intangible asset.

Note 1.8.2 Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

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

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 lives in a manner consistent with the consumption of economic or service delivery benefits.

Note 1.8.3 Useful economic life of intangible assets

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life Years	Max life Years
Information technology	5	8
Software licences	5	8

Note 1.9 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.

Note 1.10 Cash and cash equivalents

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

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management. Cash, bank and overdraft balances are recorded at current values.

Note 1.11 Carbon Reduction Commitment scheme (CRC)

The CRC scheme is a mandatory cap and trade scheme for non-transport CO₂ emissions. The Trust is registered with the CRC scheme, and is therefore required to surrender to the Government an allowance for every tonne of CO₂ it emits during the financial year. A liability and related expense is recognised in respect of this obligation as CO₂ emissions are made.

The carrying amount of the liability at the financial year end will therefore reflect the CO₂ emissions that have been made during that financial year, less the allowances (if any) surrendered voluntarily during the financial year in respect of that financial year.

The liability will be measured at the amount expected to be incurred in settling the obligation. This will be the cost of the number of allowances required to settle the obligation.

Allowances acquired under the scheme are recognised as intangible assets.

Note 1.12 Financial assets and financial liabilities

Financial assets are recognised when the Group becomes party to the contractual provision of the financial instrument or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or when the asset has been transferred and the Group has transferred substantially all of the risks and rewards of ownership or has not retained control of the asset.

Financial assets are initially recognised at fair value plus or minus directly attributable transaction costs for financial assets not measured at fair value through profit or loss. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices, where possible, or by valuation techniques.

Financial assets are classified into the following categories: financial assets at amortised cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit and loss. The classification is determined by the cash flow and business model characteristics of the financial assets, as set out in IFRS 9, and is determined at the time of initial recognition.

Financial liabilities

Financial liabilities are recognised when the Group becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are derecognised when the liability has been extinguished – that is, the obligation has been discharged or cancelled or has expired.

Note 1.12.1 Recognition

Financial assets and financial liabilities arise where the Group 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 Group's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

Note 1.12.2 Classification and measurement

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

Financial assets are classified as subsequently measured at amortised cost, fair value through income and expenditure and fair value through OCI.

Financial liabilities classified as subsequently measured at amortised cost or fair value through income and expenditure.

Financial assets and financial liabilities at amortised cost

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

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

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

Financial assets and financial liabilities at fair value through income and expenditure

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or at fair value through other comprehensive income. This category also includes financial assets and liabilities acquired principally for the purpose of selling in the short term (held for trading) and derivatives. Derivatives which are embedded in other contracts, but which are separable from the host contract are measured within this category. Movements in the fair value of financial assets and liabilities in this category are recognised as gains or losses in the Statement of Comprehensive income.

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income where business model objectives are met by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest. Movements in the fair value of financial assets in this category are recognised as gains or losses in other comprehensive income except for impairment losses. On derecognition, cumulative gains and losses previously recognised in other comprehensive income are reclassified from equity to income and expenditure, except where the Trust elected to measure an equity instrument in this category on initial recognition.

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets, the Group recognises an allowance for expected credit losses.

The Group adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses.

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

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

Note 1.12.3 Derecognition

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

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

Note 1.13 Leases

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

Note 1.13.1 The Group as lessee

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Group, 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 asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for as an item of property, plant and equipment.

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

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.

Note 1.13.2 The Group as lessor

Finance leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Note 1.14 Provisions

The Group 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.

Personal Injury provisions are discounted using HM Treasury's pension discount rate of positive 0.29% (31 March 18: positive 0.10%) in real terms. All other provisions are subject to three separate discount rates according to the expected timing of cashflows from the Statement of Financial Position date:

Provisions are subject to three separate discount rates according to the expected timing of cashflows from the Statement of Financial Position date:

- A short term rate of negative 0.76% (2017-18: negative 2.42%) for expected cash flows up to and including 5 years
- A medium term rate of 1.14% (2017-18: negative 1.85%) for expected cash flows over 5 years up to and including 10 years
- A long term rate of 1.99% (2017-18: negative 1.56%) for expected cash flows over 10 years.
- A nominal very long-term rate of 1.99% (2017-18: negative 1.56% in real terms) for inflation adjusted expected cash flows exceeding 40 years from the Statement of Financial Position date.

All percentages for 2018-19 are nominal rates whereas the 2017-18 rates are in real terms.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. 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 37.3 but is not recognised in the Trust's accounts.

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.

Note 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 note 39 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 39, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

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

Note 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 organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

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

A charge, reflecting the cost of capital utilised by the Group, is payable as PDC dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Group during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for:

- (i) donated assets (including lottery funded assets),
- (ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and
- (iii) any PDC dividend balance receivable or payable.

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 thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1.17 Value added tax

Most of the activities of the Group are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Note 1.18 Corporation tax

The corporation tax disclosed in the group accounts relates to tax on the activities of the wholly owned subsidiary, Pharm@Sea Limited. Tax is charged at 20% on the taxable profits of Pharm@Sea Limited. Deferred tax has been provided on the remaining unwound capital allowances.

The Trust has determined that it has no corporation tax liability because it is not engaged in activity that is subject to corporation tax.

Note 1.19 Foreign exchange

The functional and presentational currency of the Group is sterling.

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

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

- monetary items are translated at the spot exchange rate on 31 March 2019
- 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.

Note 1.20 Third party assets

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

Note 1.21 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the Trust not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

However the losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.22 Gifts

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

Note 1.23 Transfers of functions [to / from] [other NHS bodies / local government bodies]

For property, plant and equipment assets and intangible assets, the cost and accumulated depreciation / amortisation balances from the transferring entity's accounts are preserved on recognition in the Group's accounts. Where the transferring body recognised revaluation reserve balances attributable to the assets, the Group makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain transparency within public sector accounts.

Note 1.24 Critical judgements in applying accounting policies

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the Group accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Valuation of Buildings

Department of Health guidance specifies that the Group's land and buildings should be valued on the basis of depreciated replacement cost, applying the Modern Equivalent Asset (MEA) concept. The MEA is defined as "the cost of a modern replacement asset that has the same productive capacity as the property being valued." Therefore the MEA is not a valuation of the existing land and buildings that the Group holds, but a theoretical valuation for accounting purposes of what the Group could need to spend in order to replace the current assets. In determining the MEA, the Group has to make assumptions that are practically achievable, however the Group is not required to have any plans to make such changes.

The Group is satisfied that the assumptions underpinning the MEA valuation are practically achievable, would not change the services provided by the Group, and would not impact on service delivery or the level and volume of service provided. The Group does not intend to implement any of the theoretical assumptions that underpin the MEA valuation.

For the purpose of the MEA valuation, the Group has defined all of the Royal Sussex County Hospital, The Royal Alexandra Children's Hospital, the Sussex Eye Hospital and the Royal Princess Royal Hospital as buildings that provide specialist health care services. The MEA valuation in the accounts assumes that the Brighton based hospitals could theoretically be provided from a location on the outskirts of Brighton.

The MEA valuations used by the Group have been provided to the Group by the external valuers, Gerald Eve LLP. The Group has used component lives based upon contractual information provided by Gerald Eve LLP to depreciate buildings and dwellings on a component basis.

PFI

The Group uses the standard Department of Health model to account for its PFI scheme.

Assets Under Construction

The costs of the 3T's project (the redevelopment of the Royal Sussex County Hospital), which represent costs capitalised on assets not currently complete, are included in Assets Under Construction. At 31 March 2019 these amounted to £187.5m (2017-18 - £120.5m). The project, which has a cost of £486m, was approved by HMT in December 2015 with an expected completion date of 2024. The project is estimated to be completed in 2024. There are three phases to the build. The Group has taken the judgement that capitalised expenditure will be classified as Assets Under Construction until completion of each stage of the phases of the build, at which point the assets will be reclassified as operational buildings. Changes in the valuation basis between cost and fair value, when these reclassifications occur, may result in significant changes in the carrying value of the assets.

Provision for Pensions

The Group has estimated the provision for pensions relating to former staff using estimates provided by the NHS Pensions provided at the time of the member's early retirement. These are updated annually using national life expectancy tables and if it becomes apparent that the provision is not sufficient to meet the liability.

Note 1.24.1 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:

Depreciation

The reported amounts for depreciation of property, plant and equipment and amortisation of non-current intangible assets can be materially affected by the judgements exercised in determining their estimated economic lives. Economic lives are determined in a number of different ways such as valuations (external professional opinion) and physical asset verification exercises.

The estimated economic lives of each class of asset are disclosed in note 1.7.6 and 1.8.3, and the carrying values of property, plant and equipment and intangible assets in note 17 and 19 respectively.

Land and Buildings Valuations

All land and buildings are restated at current value by way of annual professional valuations carried out by an independent external valuer.

Provision for impairment of receivables

Provisions are based on a combination of the age of the debt and disputes with debtors. The Group follows the guidance issued in the Department of Health Group Accounting Manual 2017-18 in relation to the recommended rate for Injury Cost Recovery receivables.

Note 1.25 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2018/19.

Note 1.26 Standards, amendments and interpretations in issue but not yet effective or adopted

- IFRS 16 Leases – Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted.
- IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.
- IFRS 23 Uncertainty over Income Tax Treatments – Application required for accounting periods beginning on or after 1 January 2019.

Note 2 Operating Segments

The Group operates as a single segment.

The nature of the Trust's services is the provision of healthcare. Similar methods are used to provide services across all locations and all policies, procedures and governance arrangements are Trust wide. As an NHS Trust, all services are subject to the same regulatory environment and standards set by the Trust's external performance managers. Accordingly, the Trust operates one segment and in 2018-19 reported to the Board in this format. No discrete activities of the business have individual revenue exceeding 10% of the total combined revenue, profit or assets.

Income from transactions with a single external customer which amount to 10% or more of total income is as follows:

	2018/19	2017/18
	£000	£000
NHS England	179,783	181,014
CCG *	<u>292,757</u>	<u>281,988</u>
	<u><u>472,540</u></u>	<u><u>463,002</u></u>

This income all relates to patient activity.

* As commissioners are under common control they are classed as a single customer for this purpose.

Note 3 Operating income from patient care activities (Group)

All income from patient care activities relates to contract income recognised in line with accounting policy 1.4

Note 3.1 Income from patient care activities (by nature)	Group		Trust	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Elective income	72,445	77,420	72,445	77,420
Non elective income	127,446	126,244	127,446	126,244
First outpatient income	20,495	19,639	20,495	19,639
Follow up outpatient income	23,349	24,150	23,349	24,150
A & E income	23,784	20,864	23,784	20,864
High cost drugs income from commissioners (excluding pass-through costs)	78,573	75,471	78,573	75,471
Other NHS clinical income	137,489	127,798	137,489	127,798
Private patient income	5,031	4,673	5,031	4,673
Agenda for Change pay award central funding*	5,747	-	5,747	-
Other clinical income	19,782	27,688	19,782	27,688
Total income from activities	514,141	503,947	514,141	503,947

*The Trust received £5,747k support from DHSC related to the increased employment costs as a result of the Agenda for Change pay awards.

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	Group		Trust	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
NHS England	179,783	181,014	179,783	181,014
Clinical commissioning groups	292,757	281,988	292,757	281,988
Department of Health and Social Care*	5,785	57	5,785	57
Other NHS providers	1,204	4,416	1,204	4,416
NHS other	352	858	352	858
Local authorities	3,753	4,701	3,753	4,701
Non-NHS: private patients	5,031	4,682	5,031	4,682
Non-NHS: overseas patients (chargeable to patient)	411	252	411	252
Injury cost recover scheme	2,080	1,460	2,080	1,460
Non NHS: other	22,985	24,519	22,985	24,519
Total income from activities	514,141	503,947	514,141	503,947
Of which:				
Related to continuing operations	514,141	503,947	514,141	503,947

*The Trust received £5,747k support from DHSC related to the increased employment costs as a result of the Agenda for Change pay awards.

Note 3.3 Overseas visitors (relating to patients charged directly by the provider)

	2018/19	2017/18
	£000	£000
Income recognised this year	411	252
Cash payments received in-year	275	183
Amounts added to provision for impairment of receivables	243	87
Amounts written off in-year	106	53

Note 4 Other operating income (Group)

	Group		Trust	
	2018/19	2017/18	2018/19	2017/18
	£000	£000	£000	£000
Other operating income from contracts with customers:				
Research and development (contract)	5,228	3,877	5,228	3,877
Education and training (excluding notional apprenticeship levy income)	30,728	27,961	30,728	27,961
Non-patient care services to other bodies	1,618	5,102	1,618	5,102
Provider sustainability / sustainability and transformation fund income (PSF / STF)	14,394	8,280	14,394	8,280
Income in respect of employee benefits accounted on a gross basis	4,544	4,677	4,544	4,677
Other contract income*	14,326	7,196	14,751	7,806
Other non-contract operating income:				
Receipt of capital grants and donations	650	-	1,853	1,037
Rental revenue from operating leases	466	466	466	466
Charitable fund incoming resources	1,044	1,355	-	-
Total other operating income	72,998	58,914	73,582	59,206
Of which:				
Related to continuing operations	72,998	58,914	73,582	59,206

Note 4.1 Other contract income*

Car Parking income	1,373	1,251	1,373	1,251
Catering	764	723	764	723
Pharmacy sales	147	0	147	-
Staff accommodation rental	477	472	477	472
Crèche services	878	624	878	624
Clinical tests	3403	296	3,403	296
Clinical excellence awards	1610	0	1,610	-
Other income generation schemes (recognised under IFRS 15)	5674	-	6,099	-
Other income not already covered (recognised under IFRS 15)	-	3830	-	4,440
	14,326	7,196	14,751	7,806

Note 5.1 Additional information on contract revenue (IFRS 15) recognised in the period

	2018/19
	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	2,837

Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods -

The trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from (i) contracts with an expected duration of one year or less and (ii) contracts where the Group recognises revenue directly corresponding to work done to date is not disclosed.

Note 6.1 Fees and charges (Group)

HM Treasury requires disclosure of fees and charges income. The following disclosure is of income from charges to service users where income from that service exceeds £1 million and is presented as the aggregate of such income. The cost associated with the service that generated the income is also disclosed.

	2018/19	2017/18
	£000	£000
Income	-	-
Full cost	-	-
Surplus / (deficit)	<u>-</u>	<u>-</u>

Note 7.1 Operating expenses

	Group		Trust	
	2018/19	2017/18	2018/19	2017/18
	£000	£000	£000	£000
Purchase of healthcare from NHS and DHSC bodies	5,220	4,400	5,220	4,400
Purchase of healthcare from non-NHS and non-DHSC bodies	7,301	6,588	7,301	6,588
Staff and executive directors costs	374,820	352,178	374,252	351,676
Remuneration of non-executive directors	96	98	96	98
Supplies and services - clinical (excluding drugs costs)	63,115	62,586	63,115	62,586
Supplies and services - general	7,062	7,128	7,062	7,128
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	77,776	77,902	79,407	79,645
Inventories written down	81	24	81	24
Consultancy costs	1,962	2,197	1,962	2,197
Establishment	4,359	4,915	4,359	4,915
Premises	16,435	17,052	16,435	17,052
Transport (including patient travel)	1,643	1,138	1,643	1,138
Depreciation on property, plant and equipment	18,953	19,778	18,897	19,722
Amortisation on intangible assets	249	184	249	184
Net impairments	13,443	8,948	13,443	8,948
Movement in credit loss allowance: contract receivables / contract assets	(57)	-	(57)	-
Movement in credit loss allowance: all other receivables and investments	-	833	-	833
Change in provisions discount rate(s)	(38)	30	(38)	30
Audit fees payable to the external auditor				
audit services- statutory audit	106	103	86	84
other auditor remuneration (external auditor only)	12	12	12	12
Internal audit costs	115	116	115	116
Clinical negligence	22,547	21,522	22,547	21,522
Legal fees	364	1,471	364	1,471
Insurance	410	362	410	362
Research and development	5,894	4,737	5,894	4,737
Education and training	6,788	9,647	6,788	9,647
Rentals under operating leases	3,385	4,116	3,385	4,116
Redundancy	-	216	-	216
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	1,215	1,707	1,215	1,707
Car parking & security	524	390	524	390
Other NHS charitable fund resources expended	812	907	-	-
Other	569	1,004	220	662
Total	635,161	612,289	634,987	612,206
Of which:				
Related to continuing operations	635,161	612,289	634,987	612,206

Note 7.2 Other auditor remuneration (Group)

	2018/19 £000	2017/18 £000
Other auditor remuneration paid to the external auditor:		
2. Audit-related assurance services	12	12
Total	<u>12</u>	<u>12</u>

Note 7.3 Limitation on auditor's liability (Group)

The limitation on auditor's liability for external audit work is £3m (2017/18: £2m).

Note 8 Impairment of assets (Group)

	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Net impairments charged to operating surplus / deficit resulting from:				
Unforeseen obsolescence		877		877
Changes in market price	13,443	8,071	13,443	8,071
Total net impairments charged to operating surplus / deficit	<u>13,443</u>	<u>8,948</u>	<u>13,443</u>	<u>8,948</u>
Impairments charged to the revaluation reserve	3,222	2,353	3,222	2,353
Total net impairments	<u>16,665</u>	<u>11,301</u>	<u>16,665</u>	<u>11,301</u>

The impairment of £13,443k relates to a change in value of the Trust's estate following the annual valuation exercise carried out by the external valuer, Gerald Eve LLP.

Note 9 Employee benefits (Group)

	Group		Trust	
	2018/19	2017/18	2018/19	2017/18
	Total	Total	Total	Total
	£000	£000	£000	£000
Salaries and wages	281,982	265,250	281,492	264,807
Social security costs	31,101	29,632	31,056	29,594
Apprenticeship levy	1,499	1,412	1,499	1,412
Employer's contributions to NHS pensions	34,856	33,334	34,856	33,334
Pension cost - other	40	31	23	10
Other post employment benefits	-	-	-	-
Other employment benefits	-	-	-	-
Termination benefits	-	-	-	-
Temporary staff (including agency)	34,331	31,531	34,315	31,531
NHS charitable funds staff	-	-	-	-
Total gross staff costs	383,809	361,190	383,241	360,688
Recoveries in respect of seconded staff	-	-	-	-
Total staff costs	383,809	361,190	383,241	360,688
Of which				
Costs capitalised as part of assets	451	221	451	221

Note 9.1 Retirements due to ill-health (Group)

During 2018/19 there were 10 early retirements from the trust agreed on the grounds of ill-health (5 in the year ended 31 March 2018). The estimated additional pension liabilities of these ill-health retirements is £465k (£404k in 2017/18).

The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

Note 10 Pension costs

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

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2019, is based on valuation data as 31 March 2018, updated to 31 March 2019 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. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date.

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.

c) NEST

The Pensions Act 2008 and 2001 Automatic Enrolment Regulations required all employers to enrol workers meeting certain criteria into a pension scheme and pay contributions toward their retirement. Employees who are unable to join the NHS Pensions Scheme are covered by the National Employers Savings Trust ("NEST").

The auto enrolment "staging" date for the Trust compliance was 1 April 2013. This was followed by a re-enrolment date of 1 April 2016. For those staff not entitled to join the NHS Pension Scheme, the Trust utilised an alternative pension scheme called NEST to fulfil its automatic enrolment obligations. NEST is a defined contribution pension scheme established by law to support the introduction of auto enrolment.

Contributions are taken from qualifying earnings, which are currently from £5,876 up to £45,000, but are reviewed every year by the government. The initial contribution is 1% of qualifying earnings, with an employer contribution of 1%. This will increase in stages to meet levels set by government.

Date	Employee Contribution	Employer Contribution	Total Contribution
1st March 2013	1%	1%	2%
6th April 2018	3%	2%	5%
6th April 2019	5%	3%	8%

Note 11 Operating leases (Group)

Trust as a lessor

This note discloses income generated in operating lease agreements where Brighton and Sussex University Hospitals NHS Trust is the lessor.

The Trust leases space to third parties to provide food, beverages and newspapers, the swimming pool on the St Mary's Hall site in Brighton, office space and use of sites for the location of aerials. The Trust also leases space to the wholly owned subsidiary, Pharm@Sea Limited. The terms of these leases vary between one and fifteen years.

	2018/19 £000	2017/18 £000
Operating lease revenue		
Minimum lease receipts	466	466
Total	466	466
	31 March 2019	31 March 2018
	£000	£000
Future minimum lease receipts due:		
- not later than one year;	524	445
- later than one year and not later than five years;	1,989	1,203
- later than five years.	36	99
Total	2,549	1,747

Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Brighton and Sussex University Hospitals NHS Trust is the lessee.

The Trust leases four properties which are for periods of between ten and twenty years. The leases cannot be cancelled unless through agreed break clauses. There are no contingent rents and the Trust may not assign any of the leases without the landlord's permission.

Details of the leases are set out below:

	Term Yrs	Start Date	End Date	Break Clause	Break Clause Notice
Sussex House, Brighton	18	29.03.07	28.03.25	N/A	N/A
Freshfield, Brighton	19	24.06.03	23.06.22	23.06.2017	12 months
Preston Road, Brighton	20	21.05.13	10.02.33	11.02.2022	6 months
Bloomsbury, Brighton	10	29.05.09	28.05.19	N/A	N/A
Radiotherapy Centre, Eastbourne	25	24.07.17	23.01.42	N/A	12 months

	2018/19 £000	2017/18 £000
Operating lease expense		
Minimum lease payments	3,385	4,116
Total	3,385	4,116
	31 March 2019	31 March 2018
	£000	£000
Future minimum lease payments due:		
- not later than one year;	3,171	4,268
- later than one year and not later than five years;	11,007	5,699
- later than five years.	22,680	6,203
Total	36,858	16,170
Future minimum sublease payments to be received		

Note 12 Finance income (Group)

Finance income represents interest received on assets and investments in the period.

	Group		Trust	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Interest on bank accounts	155	37	155	37
NHS charitable fund investment income	343	331	0	0
Other finance income	-	-	0	0
Total finance income	498	368	155	37

Note 13.1 Finance expenditure (Group)

Finance expenditure represents interest and other charges involved in the borrowing of money.

	Group		Trust	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Interest expense:				
Loans from the Department of Health and Social Care	9,329	7,353	9329	7353
Main finance costs on PFI and LIFT schemes obligations	1,622	1,690	1622	1690
Contingent finance costs on PFI and LIFT scheme obligations	675	891	675	891
Total interest expense	11,626	9,934	11,626	9,934
Unwinding of discount on provisions	(136)	51	(136)	51
Other finance costs	2	2	-	-
Total finance costs	11,492	9,987	11,490	9,985

Note 13.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015 (Group)

	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Total liability accruing in year under this legislation as a result of late payments	-	-	0	0
Amounts included within interest payable arising from claims made under this legislation	-	-	0	0
Compensation paid to cover debt recovery costs under this legislation	-	-	0	0

Note 14 Other gains / (losses) (Group)

	Group		Trust	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Total gains / (losses) on disposal of assets	-	-	-	-
Gains / (losses) on foreign exchange	-	32	0	0
Total other gains / (losses)	-	32	-	-

Note 15 Trust income statement and statement of comprehensive income

In accordance with Section 408 of the Companies Act 2006, the trust is exempt from the requirement to present its own income statement and statement of comprehensive income. The trust's deficit for the period was £63.0 million (2017/18: £64.1 million). The Group's total comprehensive income/(expense) for the period was £58.0 million (2017/18: £60.1 million).

Note 16 Discontinued operations (Group)

There were no discontinued operations for the year ended 31 March 2019 (31 March 2018, nil).

Note 17.1 Intangible assets - 2018/19

Group	Software licences £000	Internally generated information technology £000	Total £000
Valuation / gross cost at 1 April 2018 - brought forward	592	1,161	1,753
Additions	848	1,194	2,042
Valuation / gross cost at 31 March 2019	1,440	2,355	3,795
Amortisation at 1 April 2018 - brought forward	574	629	1,203
Provided during the year	66	183	249
Amortisation at 31 March 2019	640	812	1,452
Net book value at 31 March 2019	800	1,543	2,343
Net book value at 1 April 2018	18	532	550

Note 17.2 Intangible assets - 2017/18

Group	Software licences £000	Internally generated information technology £000	Total £000
Valuation / gross cost at 1 April 2017 - as previously stated	679	1,068	1,747
Impairments	-	(102)	(102)
Reclassifications	(87)	195	108
Valuation / gross cost at 31 March 2018	592	1,161	1,753
Amortisation at 1 April 2017 - as previously stated	669	397	1,066
Amortisation at 1 April 2017 - restated	669	397	1,066
Provided during the year	29	155	184
Impairments	17	(64)	(47)
Reclassifications	(141)	141	-
Amortisation at 31 March 2018	574	629	1,203
Net book value at 31 March 2018	18	532	550
Net book value at 1 April 2017	10	671	681

Note 18.1 Intangible assets - 2018/19

Trust	Software licences £000	Internally generated information technology £000	Total £000
Valuation / gross cost at 1 April 2018 - brought forward	592	1,161	1,753
Additions	848	1,194	2,042
Valuation / gross cost at 31 March 2019	1,440	2,355	3,795
Amortisation at 1 April 2018 - brought forward	574	629	1,203
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Impairments	-	(102)	(102)
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Amortisation at 1 April 2017 - restated	669	397	1,066
Provided during the year	29	155	184
Impairments	17	(64)	(47)
Reclassifications	(141)	141	-
Amortisation at 31 March 2018	574	629	1,203
Net book value at 31 March 2018	18	532	550
Net book value at 1 April 2017	10	671	681

Note 19.1 Property, plant and equipment - 2018/19

Group	Land £000	Buildings excluding dwellings £000		Dwellings £000	Assets under construction £000		Plant & Transport equipment £000	Information technology £000	Furniture & fittings £000	Charitable fund PPE assets £000	Total £000
		£000	£000		£000	£000					
Valuation/gross cost at 1 April 2018 - brought forward	30,357	218,900	618	134,566	111,402	217	37,169	4,317	-	537,546	
Additions	-	18,861	1	62,474	11,494	-	10,567	5	-	103,402	
Impairments	(123)	(27,184)	(2)	-	-	-	-	-	-	(27,309)	
Reversals of impairments	53	2,804	(1)	-	-	-	-	-	-	2,856	
Revaluations	4,660	3,216	1	-	-	-	-	-	-	7,877	
Valuation/gross cost at 31 March 2019	34,947	216,597	617	197,040	122,896	217	47,736	4,322	-	624,372	
Accumulated depreciation at 1 April 2018 - brought forward	-	-	-	-	82,918	217	27,602	4,249	-	114,986	
Provided during the year	-	7,773	15	-	7,653	-	3,464	48	-	18,953	
Impairments	-	(7,773)	(15)	-	-	-	-	-	-	(7,788)	
Accumulated depreciation at 31 March 2019	-	-	-	-	90,571	217	31,066	4,297	-	126,151	
Net book value at 31 March 2019	34,947	216,597	617	197,040	32,325	-	16,670	25	-	498,221	
Net book value at 1 April 2018	30,357	218,900	618	134,566	28,484	-	9,567	68	-	422,560	

Note 19.2 Property, plant and equipment - 2017/18

Group	Land £000	Buildings excluding dwellings £000		Dwellings £000	Assets under construction £000		Plant & Transport equipment £000	Information technology £000	Furniture & fittings £000	Charitable fund PPE assets £000	Total £000
		£000	£000		£000	£000					
Valuation / gross cost at 1 April 2017 - as previously stated	28,206	208,091	593	111,532	100,118	217	35,620	4,317	-	488,694	
Prior period adjustments	-	-	-	-	408	-	-	-	-	-	408
Valuation / gross cost at 1 April 2017 - restated	28,206	208,091	593	111,532	100,526	217	35,620	4,317	-	489,102	
Additions	-	(14,907)	(2)	59,935	632	-	-	-	-	60,567	
Impairments	60	1,150	2	(70)	-	-	(752)	-	-	(15,731)	
Reversals of impairments	2,091	388	25	-	-	-	-	-	-	2,212	
Revaluations	-	24,178	(14)	(36,831)	10,244	-	2,301	-	-	2,504	
Reclassifications	-	-	-	-	-	-	-	-	-	-	(108)
Valuation/gross cost at 31 March 2018	30,357	218,900	618	134,566	111,402	217	37,169	4,317	-	537,546	
Accumulated depreciation at 1 April 2017 - as previously stated	-	-	-	-	74,171	217	23,893	4,150	-	102,431	
Prior period adjustments	-	-	-	-	179	-	-	-	-	-	179
Accumulated depreciation at 1 April 2017 - restated	-	-	-	-	74,350	217	23,893	4,150	-	102,610	
Provided during the year	-	7,368	14	-	8,568	-	3,709	99	-	19,778	
Impairments	-	(780)	-	-	-	-	-	-	-	(780)	
Reversals of impairments	-	(2,493)	-	-	-	-	-	-	-	(2,493)	
Revaluations	-	(4,115)	(14)	-	-	-	-	-	-	(4,129)	
Accumulated depreciation at 31 March 2018	-	-	-	-	82,918	217	27,602	4,249	-	114,986	
Net book value at 31 March 2018	30,357	218,900	618	134,566	28,484	-	9,567	68	-	422,560	
Net book value at 1 April 2017	28,206	208,091	593	111,532	26,176	-	11,727	167	-	396,492	

Note 19.3 Property, plant and equipment financing - 2018/19

Group	Land £000	Buildings excluding dwellings		Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
		£000	£000							
Net book value at 31 March 2019										
Owned - purchased	34,947	184,643	617	195,547	31,016	-	-	16,647	23	463,440
On-SoFP PFI contracts and other service concession arrangements	-	30,690	-	-	-	-	-	-	-	30,690
Owned - donated	-	1,264	-	1,493	1,309	-	-	23	2	4,091
NBV total at 31 March 2019	34,947	216,597	617	197,040	32,325	-	-	16,670	25	498,221

**Note 19.4 Property, plant and equipment financing - 2017/18
Restated**

Group	Land £000	Buildings excluding dwellings		Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
		£000	£000							
Net book value at 31 March 2018										
Owned - purchased	30,357	186,182	618	133,976	27,754	-	-	9,517	65	388,469
On-SoFP PFI contracts and other service concession arrangements	-	31,392	-	-	-	-	-	-	-	31,392
Owned - donated	-	1,326	-	590	730	-	-	50	3	2,699
NBV total at 31 March 2018	30,357	218,900	618	134,566	28,484	-	-	9,567	68	422,560

Note 20.1 Property, plant and equipment - 2018/19

Trust	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2018 - brought forward	30,357	218,900	618	134,566	110,994	217	37,169	4,317	537,138
Additions	-	18,861	1	62,474	11,494	-	10,567	5	103,402
Impairments	(123)	(27,184)	(2)	-	-	-	-	-	(27,309)
Reversals of impairments	53	2,804	(1)	-	-	-	-	-	2,856
Revaluations	4,560	3,216	1	-	-	-	-	-	7,777
Valuation/gross cost at 31 March 2019	34,947	216,597	617	197,040	122,488	217	47,736	4,322	623,964
Accumulated depreciation at 1 April 2018 - brought forward	-	-	-	-	82,683	217	27,602	4,249	114,751
Provided during the year	-	7,773	15	-	7,597	-	3,464	48	18,897
Impairments	-	(7,773)	(15)	-	-	-	-	-	(7,788)
Accumulated depreciation at 31 March 2019	-	-	-	-	90,280	217	31,066	4,297	125,860
Net book value at 31 March 2019	34,947	216,597	617	197,040	32,208	-	16,670	25	498,104
Net book value at 1 April 2018	30,357	218,900	618	134,566	28,311	-	9,567	68	422,387

Note 20.2 Property, plant and equipment - 2017/18

Trust	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation / gross cost at 1 April 2017 - as previously stated	28,206	208,091	593	111,532	99,774	217	35,558	4,317	488,288
Additions	-	-	-	59,935	632	-	-	-	60,567
Impairments	-	(14,907)	(2)	(70)	-	-	(752)	-	(15,731)
Reversals of impairments	60	1,150	2	-	-	-	-	-	1,212
Revaluations	2,091	388	-25	-	-	-	-	-	2,504
Reclassifications	-	24,178	-	(36,831)	10,244	-	2,301	-	(108)
Valuation/gross cost at 31 March 2018	30,357	218,900	618	134,566	111,058	217	37,107	4,317	537,140
Accumulated depreciation at 1 April 2017 - as previously stated	-	-	-	-	74,032	217	23,854	4,150	102,253
Provided during the year	-	7,388	14	-	8,525	-	3,697	99	19,723
Impairments	-	(780)	-	-	-	-	-	-	(780)
Reversals of impairments	-	(2,493)	-	-	-	-	-	-	(2,493)
Revaluations	-	(4,115)	(14)	-	-	-	-	-	(4,129)
Accumulated depreciation at 31 March 2018	-	-	-	-	82,736	217	27,551	4,249	114,753
Net book value at 31 March 2018	30,357	218,900	618	134,566	28,322	-	9,556	68	422,387
Net book value at 1 April 2017	28,206	208,091	593	111,532	25,971	-	11,704	167	386,264

Note 20.3 Property, plant and equipment financing - 2018/19

Trust	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2019								
Owned - purchased	34,947	184,643	617	195,547	30,899	16,647	23	463,323
On-SoFP PFI contracts and other service concession arrangements	-	30,690	-	-	-	-	-	30,690
Owned - donated	-	1,264	-	1,493	1,309	23	2	4,091
NBV total at 31 March 2019	34,947	216,597	617	197,040	32,208	16,670	25	498,104

Note 20.4 Property, plant and equipment financing - 2017/18

Trust	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2018								
Owned - purchased arrangements	30,357	186,182	618	133,976	27,570	9,528	65	388,296
Owned - donated	-	31,392	-	-	-	-	-	31,392
	-	1,326	-	590	730	50	3	2,699
NBV total at 31 March 2018	30,357	218,900	618	134,566	28,300	9,578	68	422,387

Note 21 Donations of property, plant and equipment

The value of assets donated by the Brighton and Sussex University Hospitals NHS Trust Charitable Funds during the year was £1,203k (2017-18: £1,037k). An additional £650k was received from The County Air Ambulance Trust towards the installation of a Deck Integrated Fire Fighting System. There are no restrictions or conditions imposed by the donations.

Note 22 Revaluations of property, plant and equipment

The Trust undertakes a full estates revaluation annually. This year the valuation was carried out as at 31 March 2019 by the external valuer Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was carried out in accordance with the requirements of the RICS valuation - Global Standard 2017 and the national standards and guidance set out in the UK national supplement (November 2018 edition), and the International Valuation Standards and IFRS as adapted and interpreted by the Financial Reporting Manual (FRM). The valuation of the non-specialised properties was undertaken on a Fair Value basis, on the assumption of continuation of the existing use. Specialised properties were valued by reference to Depreciated Replacement Cost (DRC), with other in-use properties reported on an Existing Use Value Basis.

The valuation was carried out on the basis of Fair Value. Fair value is determined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between participants at the measurement date. The Fair Value of land and buildings is determined from market based evidence and is therefore akin to Market Value. For non specialised operational assets in accordance with the FRM adaptations this equates to Existing Use Value and for specialised operational assets Fair Value estimated using Depreciated Replacement Cost method subject to the assumption of continuing use.

Most of the Trust's assets qualify as specialised operational assets and therefore fall to be assessed using the Depreciated Replacement Cost approach and have been valued on an optimal site modern equivalent asset basis. That is the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

Non operational assets, including surplus land, are valued on the basis of Market Value on the assumption that the property is no longer required for existing operations, which have ceased.

The estimated remaining lives of the buildings have been adjusted in line with the Gerald Eve's valuation. The estimated remaining lives of the Trust's assets are as follows:

	Min life	Max life
	Years	Years
Buildings excluding dwellings	1	87
Dwellings	4	87
Plant & machinery	5	15
Information technology	5	10
Furniture & fittings	7	15

Note 23 Investment Property

As at 31 March 2019 the Trust did not hold any investment properties.

Note 24 Investments in associates and joint ventures

The Trust did not hold any investments in associates or joint ventures as at 31 March 2019.

Note 25 Other investments / financial assets (non-current)

	Group		Trust	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Carrying value at 1 April - brought forward	11,790	12,881	1,101	1,101
Prior period adjustments		(1,101)		-
Carrying value at 1 April - restated	11,790	11,780	1,101	1,101
Movement in fair value through OCI	967	10	-	-
Carrying value at 31 March	12,757	11,790	1,101	1,101

£1,101k represents the cost of investment in Pharm@Sea Limited, the wholly owned subsidiary of the Trust. The company is registered in the UK, company no. 08842973 with a share capital of 1,101,000 of £1 each. The company trades as an outpatients dispensary service at the Royal Sussex County Hospital site. The figures in the note below are based on the draft accounts to the 31 March 2019.

	2018/19	2017/18
Total gross assets of the entity	4,586	3,557
Total gross liabilities of the entity	(2,854)	(2,105)
Total revenues	21,044	19,151
Profit for the year	137	96

Note 26 Disclosure of interests in other entities

The Trust's investment of £1,101k represents the cost of investment in Pharm@Sea Limited, the wholly owned subsidiary of the Trust. The company is registered in the UK, company no. 08842973 with a share capital of 1,101,000 of £1 each. The company trades as an outpatients dispensary service at the Royal Sussex County Hospital site. The figures in the note below are based on the draft accounts to the 31 March 2019.

	31 March 2019 £000	31 March 2018 £000
Total gross assets of the entity	4,586	3557
Total gross liabilities of the entity	(2,854)	(2,105)
Total revenues	21,044	19151
Profit for the year	137	96

Note 27 Analysis of charitable fund reserves

The Trust has consolidated the Brighton and Sussex University Hospitals NHS Charitable Funds draft accounts as at 31 March 2019 as part of these accounts. The analysis of funds is noted below.

	31 March 2019 £000	31 March 2018 £000
Unrestricted funds:		
Unrestricted income funds	2,276	857
Restricted funds:		
Endowment funds	757	696
Other restricted income funds	9,781	10,961
	<u>12,814</u>	<u>12,514</u>

Unrestricted income funds are accumulated income funds that are expendable at the discretion of the trustees in furtherance of the charity's objects. Unrestricted funds may be earmarked or designated for specific future purposes which reduces the amount that is readily available to the charity.

Restricted funds may be accumulated income funds which are expendable at the trustee's discretion only in furtherance of the specified conditions of the donor and the objects of the charity. They may also be capital funds (e.g. endowments) where the assets are required to be invested, or retained for use rather than expended.

Note 28 Inventories

	Group		Trust	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
Drugs	2,951	3,271	2,085	2,509
Consumables	6,400	6,279	6,400	6,279
Total inventories	<u>9,351</u>	<u>9,550</u>	<u>8,485</u>	<u>8,788</u>

Inventories recognised in expenses for the year were £119,775k (2017/18: £113,846k). Write-down of inventories recognised as expenses for the year were £81k (2017/18: £24k).

The write down of inventories relates to primarily to expired drugs.

Note 29.1 Receivables

	Group		Trust	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
Current				
Contract receivables*	39,988		39,759	
Trade receivables*		23,197		23,300
Accrued income*		21,258		21,806
Allowance for impaired contract receivables / assets*	(4,546)		(4,546)	
Allowance for other impaired receivables	-	(4,748)	-	(4,748)
Deposits and advances	39	36	39	36
Prepayments (non-PFI)	3,887	3,411	3,887	3,411
PDC dividend receivable	181	307	181	307
VAT receivable	1,806	1,250	1,806	1,250
Corporation and other taxes receivable	-	-	-	-
Other receivables	586	248	586	248
NHS charitable funds: trade and other receivables	291	220	-	-
Total current receivables	42,232	45,179	41,712	45,610
Non-current				
Contract receivables*	3,440		3,440	
Accrued income*		3,232		3,232
Prepayments (non-PFI)	641	451	641	451
Total non-current receivables	4,081	3,683	4,081	3,683
Of which receivable from NHS and DHSC group bodies:				
Current	20,709	30,855	20,709	30,855
Non-current				

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

Note 29.2 Allowances for credit losses - 2018/19

	Group		Trust	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 Apr 2018 - brought forward		4,748		4,748
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	4,748	(4,748)	4,748	(4,748)
Changes in existing allowances	(57)	-	(57)	-
Utilisation of allowances (write offs)	(145)	-	(145)	-
Allowances as at 31 Mar 2019	4,546	-	4,546	-

Note 29.3 Allowances for credit losses - 2017/18

IFRS 9 and IFRS 15 are adopted without restatement therefore this analysis is prepared in line with the requirements of IFRS 7 prior to IFRS 9 adoption. As a result it differs in format to the current period disclosure.

	Group	Trust
	All receivables	All receivables
	£000	£000
Allowances as at 1 Apr 2017 - as previously stated	7,019	7,019
Increase in provision	833	833
Amounts utilised	(3,104)	(3,104)
Allowances as at 31 Mar 2018	4,748	4,748

Note 30 Other assets

As at 31 March 2019 the Trust did not hold any other assets (2018, nil)

Note 31 Liabilities in disposal groups

As at 31 March 2019, the Trust did not have any liabilities in disposal groups (31 March 2018, nil)

Note 32.1 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	Group		Trust	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
At 1 April	16,622	8,133	15,872	7,407
Prior period adjustments		506		-
At 1 April (restated)	16,622	8,639	15,872	7,407
Net change in year	(8,340)	7,983	(8,964)	8,465
At 31 March	8,282	16,622	6,908	15,872
Broken down into:				
Cash at commercial banks and in hand	110	713	3	90
Cash with the Government Banking Service	8,172	15,909	6,905	15,782
Total cash and cash equivalents as in SoFP	8,282	16,622	6,908	15,872
Total cash and cash equivalents as in SoCF	8,282	16,622	6,908	15,872

Note 32.2 Third party assets held by the trust

Where the group held cash and cash equivalents which relate to monies held by the Group on behalf of patients or other parties, these are excluded from the cash and cash equivalents figure reported in the accounts. £510 was held on behalf of patients as at 31 March 2019 (31 March 2018, nil).

Note 33.1 Trade and other payables

	Group		Trust	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
Current				
Trade payables	14,456	17,427	13,732	18,540
Capital payables	16,192	10,105	16,192	10,105
Accruals	17,662	19,681	17,662	19,681
Social security costs	9,252	8,812	9,252	8,812
Other taxes payable	3,625	3,439	3,625	3,439
Accrued interest on loans*		1,529		1,529
Other payables	170	159	170	159
NHS charitable funds: trade and other payables	341	16		
Total current trade and other payables	61,698	61,168	60,633	62,265

Of which payables from NHS and DHSC group bodies:

Current	6,864	9,480	6,864	9,480
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*Following adoption of IFRS 9 on 1 April 2018, loans are measured at amortised cost. Any accrued interest is now included in the carrying value of the loan within note 35. IFRS 9 is applied without restatement therefore comparatives have not been restated.

Note 33.2 Early retirements in NHS payables above

The payables note above does not include amounts in relation to early retirements.

Note 34 Other liabilities

	Group		Trust	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
Current				
Deferred income: contract liabilities	147	2,837	147	2,837
Other deferred income	1,146	-	1,146	-
Total other current liabilities	1,293	2,837	1,293	2,837
Non-current				
Deferred income: contract liabilities	-	10	-	10
Total other non-current liabilities	-	10	-	10

Note 35 Borrowings

	Group		Trust	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
Current				
Loans from DHSC	58,960	22,505	58,960	22,505
Obligations under PFI, LIFT or other service concession contracts (excl. lifecycle)	1,340	542	1,340	542
Total current borrowings	60,300	23,047	60,300	23,047
Non-current				
Loans from DHSC	240,751	214,547	240,751	214,547
Obligations under PFI, LIFT or other service concession contracts	27,989	29,330	27,989	29,330
Total non-current borrowings	268,740	243,877	268,740	243,877

Note 35.1 Reconciliation of liabilities arising from financing activities

	Group		
	Loans from DHSC £000	PFI and LIFT schemes £000	Total £000
Carrying value at 1 April 2018	237,052	29,872	266,924
Cash movements:			-
Financing cash flows - payments and receipts of principal	60,913	(541)	60,372
Financing cash flows - payments of interest	(9,112)	(1,624)	(10,736)
Non-cash movements:			-
Impact of implementing IFRS 9 on 1 April 2018	1,529	-	1,529
Application of effective interest rate	9,329	1,622	10,951
Carrying value at 31 March 2019	299,711	29,329	329,040

The Table above reflects the liabilities arising from financing activities for the Brighton and Sussex University Hospitals NHS Trust alone which draws down loans from DHSC and has taken out the PFI transaction.

A comparative disclosure is not required for this reconciliation in the year of adoption (IAS 7 para 60)

Note 36 Other financial liabilities

As at 31 March 2019 the Trust did not hold other financial liabilities (31 March 2018, nil)

Note 37.1 Provisions for liabilities and charges analysis (Group)

Group	Pensions: injury benefits* £000	Legal claims £000	Re- structuring £000	Equal Pay (including Agenda for Change) £000		Redundancy £000	Other provisions £000	Charitable fund provisions £000	Total £000
				£000	£000				
At 1 April 2018	1,954	207	-	-	-	-	1,626	-	3,787
Change in the discount rate	(38)	-	-	-	-	-	-	-	(38)
Arising during the year	-	181	-	-	-	-	290	-	471
Utilised during the year	(95)	(11)	-	-	-	-	(1,603)	-	(1,709)
Reversed unused	-	(60)	-	-	-	-	-	-	(60)
Unwinding of discount	(136)	-	-	-	-	-	-	-	(136)
At 31 March 2019	1,685	317	-	-	-	-	313	-	2,315
Expected timing of cash flows:									
- not later than one year;	99	167	-	-	-	-	290	-	556
- later than one year and not later than five years;	394	150	-	-	-	-	23	-	567
- later than five years.	1,192	-	-	-	-	-	-	-	1,192
Total	1,685	317	-	-	-	-	313	-	2,315

The provision for Injury Benefits is for the reimbursement of injury benefit allowances to the NHS Pensions Agency and the timing of these payments is based on the age of the recipients.

The provision for Legal Claims provides for the Liability to Third Party Schemes (LTPS) and Public & Employers Liability Scheme (PES). This provision covers the excess amount payable by the Trust and not the full liability of claims which is covered by NHS Resolution under the non-clinical risk pooling scheme. The timings of the cash flows are based on estimated dates for the finalisation of the claims. 1 case is not covered by NHS Resolution.

* In 2018/19 the analysis of provisions has been revised to separately identify provisions for injury benefit liabilities. In previous periods, these provisions were included within early departure costs

Note 37.2 Provisions for liabilities and charges analysis (Trust)

Trust	Pensions: early departure costs		Pensions: injury benefits*		Legal claims	Re-structuring	Equal Pay (including Agenda for Change)		Total
	£000	£000	£000	£000			£000	£000	
At 1 April 2018		1,954			207			1,593	3,754
Transfers by absorption	-	-	-	-	-	-	-	-	-
Change in the discount rate	-	(38)	-	-	-	-	-	-	(38)
Arising during the year	-	-	181	-	181	-	-	300	481
Utilised during the year	-	-	(95)	-	(11)	-	-	(1,603)	(1,709)
Reversed unused	-	-	-	-	(60)	-	-	-	(60)
Unwinding of discount	-	-	(136)	-	-	-	-	-	(136)
At 31 March 2019	-	1,685	317	-	317	-	-	290	2,292
Expected timing of cash flows:									
- not later than one year;	-	99	167	-	-	-	-	290	556
- later than one year and not later than five years;	-	394	150	-	-	-	-	-	544
- later than five years.	-	1,192	-	-	-	-	-	-	1,192
Total	-	1,685	317	-	317	-	-	290	2,292

The provision for Injury Benefits is for the reimbursement of injury benefit allowances to the NHS Pensions Agency and the timing of these payments is based on the age of the recipients.

The provision for Legal Claims provides for the Liability to Third Party Schemes (LTPS) and Public & Employers Liability Scheme (PES). This provision covers the excess amount payable by the Trust and not the full liability of claims which is covered by NHS Resolution under the non-clinical risk pooling scheme. The timings of the cash flows are based on estimated dates for the finalisation of the claims. 1 case is not covered by NHS Resolution.

* In 2018/19 the analysis of provisions has been revised to separately identify provisions for injury benefit liabilities. In previous periods, these provisions were included within early departure costs

Note 37.3 Clinical negligence liabilities

At 31 March 2019, £305,530k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Brighton and Sussex University Hospitals NHS Trust (31 March 2018: £273,470k).

Note 38 Contingent assets and liabilities

	Group and Trust	
	31 March 2019 £000	31 March 2018 £000
Value of contingent liabilities		
NHS Resolution legal claims	(71)	(165)
Net value of contingent liabilities	<u>(71)</u>	<u>(165)</u>
Net value of contingent assets		

The contingent liability for Legal Claims represents the Liability to Third Party Schemes (LTPS) and Public & Employers Liability Scheme (PES) notified to the Trust by NHS Resolution. The timings of the cash flows are based on estimated dates for the finalisation of the claims.

Note 39 Contractual capital commitments

	Group and Trust	
	31 March 2019 £000	31 March 2018 £000
Property, plant and equipment	210,069	272,686
Total	<u>210,069</u>	<u>272,686</u>

Note 40 Other financial commitments

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

	Group and Trust	
	31 March 2019 £000	31 March 2018 £000
not later than 1 year	393	393
after 1 year and not later than 5 years	1,571	1,571
paid thereafter	1,178	1,571
Total	<u>3,142</u>	<u>3,535</u>

Note 41 On-SoFP PFI, LIFT or other service concession arrangements

PFI scheme details

Valuation of PFI as at 31 March 2019	£30,690k
Contract start date	10-Jun-04
Contract end date	08-Jun-34
Length of project	30 years

The PFI Scheme relates to the Royal Alexandra Childrens Hospital. The Trust is entitled to provide healthcare services within the facility for the period of the PFI arrangement. The contract contains payment mechanisms providing for deductions in the unitary payment made by the Trust for poor performance and unavailability. The unitary charge for the scheme is subject to an annual uplift for future price increases. The operator Kajima is responsible for providing a managed maintenance service for the length of the contract, after such time these responsibilities revert to the Trust. During the reported period there were no changes to the contractual arrangements of the scheme.

Note 41.1 Imputed finance lease obligations

The following are obligations in respect of the finance lease element of on-Statement of Financial Position PFI and LIFT schemes:

	Group		Trust	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
Gross PFI, LIFT or other service concession liabilities	42,903	45,067	42,903	45,067
Of which liabilities are due				
- not later than one year;	2,922	2,163	2,922	2,163
- later than one year and not later than five years;	13,253	12,608	13,253	12,608
- later than five years.	26,728	30,296	26,728	30,296
Finance charges allocated to future periods	(13,574)	(15,195)	(13,574)	(15,195)
Net PFI, LIFT or other service concession arrangement obligation	29,329	29,872	29,329	29,872
- not later than one year;	1,340	542	1,340	1,340
- later than one year and not later than five years;	7,858	6,826	7,858	7,858
- later than five years.	20,131	22,504	20,131	20,131

Note 41.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

Total future obligations under these on-SoFP schemes are as follows:

	Group		Trust	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	106,566	112,268	106,566	112,268
Of which liabilities are due:				
- not later than one year;	5,844	5,702	5,844	5,702
- later than one year and not later than five years;	24,876	24,269	24,876	24,269
- later than five years.	75,846	82,297	75,846	82,297

Note 41.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	Group		Trust	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Unitary payment payable to service concession operator	5,975	5,780	5,975	5,780
Consisting of:				
- Interest charge	1,622	1,690	1,622	1,690
- Repayment of finance lease liability	541	1,492	541	1,492
- Service element and other charges to operating expenditure	1,215	1,136	1,215	1,136
- Capital lifecycle maintenance	1,922	-	1,922	-
- Revenue lifecycle maintenance	-	571	-	571
- Contingent rent	675	891	675	891
Total amount paid to service concession operator	5,975	5,780	5,975	5,780

In 2017-18 £571k disclosed above as Revenue lifecycle maintenance has been capitalised in 2018-19 as capital lifecycle maintenance. The change in disclosure in 2018-19 was to align the costs with the operator's model where the lifecycle maintenance costs are capital in nature. A total of £2,309k has been capitalised relating to prior years

Note 42 Financial instruments

Note 42.1 Financial risk management

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

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. The Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Interest rate risk

The Trust borrows from government for capital expenditure, subject to capital schemes supported by DHSC and NHSI. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

The Trust may also borrow from government for revenue financing subject to approval by NHS Improvement. Interest rates are confirmed by the Department of Health (the lender) at the point borrowing is undertaken.

The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. At the 31 March 2019 all of the 2018-19 contracts had been agreed. Amounts due from DHSC healthcare providers is underwritten by DHSC thereby reducing the exposure to credit risk.

Liquidity risk

The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups and NHS England, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from internally generated resources and any exceptional capital schemes are supported by loans and public dividend capital issued by DHSC. The Trust is not, therefore, exposed to significant liquidity risks.

Note 42.2 Carrying values of financial assets

IFRS 9 Financial Instruments is applied retrospectively from 1 April 2018 without restatement of comparatives. As such, comparative disclosures have been prepared under IAS 39 and the measurement categories differ to those in the current year analyses.

Group	Held at amortised cost	Held at fair value		Total book value
		through I&E	through OCI	
	£000	£000	£000	£000
Carrying values of financial assets as at 31 March 2019 under IFRS 9				
Trade and other receivables excluding non financial assets	39,466	-	-	39,466
Other investments / financial assets	-	-	-	-
Cash and cash equivalents	8,175	-	-	8,175
Consolidated NHS Charitable fund financial assets	398	12,757	-	13,155
Total at 31 March 2019	48,039	12,757	-	60,796

Group	Loans and receivables	Assets at fair value			Total book value
		through I&E	Held to maturity	Available-for-sale	
	£000	£000	£000	£000	£000
Carrying values of financial assets as at 31 March 2018 under IAS 39					
Trade and other receivables excluding non financial assets	48,622	-	-	-	48,622
Cash and cash equivalents	15,999	-	-	-	15,999
Consolidated NHS Charitable fund financial assets	843	-	-	11,790	12,633
Total at 31 March 2018	65,464	-	-	11,790	77,254

Trust	Held at amortised cost	Held at fair value		Total book value
		through I&E	through OCI	
	£000	£000	£000	£000
Carrying values of financial assets as at 31 March 2019 under IFRS 9				
Trade and other receivables excluding non financial assets	39,466	-	-	39,466
Other investments / financial assets	-	-	1,101	1,101
Cash and cash equivalents	8,175	-	-	8,175
Total at 31 March 2019	47,641	-	1,101	48,742

Trust	Assets at fair value		Held to maturity	Available-for-sale	Total book value
	Loans and receivables	through the I&E			
	£000	£000	£000	£000	£000
Carrying values of financial assets as at 31 March 2018 under IAS 39					
Trade and other receivables excluding non financial assets	48,622	-	-	-	48,622
Cash and cash equivalents	15,999	-	-	-	15,999
Total at 31 March 2018	64,621	-	-	-	64,621

Note 42.3 Carrying values of financial liabilities

IFRS 9 Financial Instruments is applied retrospectively from 1 April 2018 without restatement of comparatives. As such, comparative disclosures have been prepared under IAS 39 and the measurement categories differ to those in the current year analyses.

Group	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Carrying values of financial liabilities as at 31 March 2019 under IFRS 9			
Loans from the Department of Health and Social Care	299,711	-	299,711
Obligations under PFI, LIFT and other service concession contracts	29,329	-	29,329
Trade and other payables excluding non financial liabilities	48,480	-	48,480
Total at 31 March 2019	377,520	-	377,520

Group	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Carrying values of financial liabilities as at 31 March 2018 under IAS 39			
Loans from the Department of Health and Social Care	237,052	-	237,052
Obligations under finance leases	-	-	-
Obligations under PFI, LIFT and other service concession contracts	29,872	-	29,872
Other borrowings	-	-	-
Trade and other payables excluding non financial liabilities	49,999	-	49,999
Other financial liabilities	-	-	-
Provisions under contract	-	-	-
Consolidated NHS charitable fund financial liabilities	-	-	-
Total at 31 March 2018	316,923	-	316,923

Trust	Held at amortised cost £000	Held at fair value through I&E £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2019 under IFRS 9			
Loans from the Department of Health and Social Care	299,711	-	299,711
Obligations under finance leases	-	-	-
Obligations under PFI, LIFT and other service concession contracts	29,329	-	29,329
Other borrowings	-	-	-
Trade and other payables excluding non financial liabilities	48,480	-	48,480
Other financial liabilities	-	-	-
Provisions under contract	-	-	-
Total at 31 March 2019	377,520	-	377,520

Trust	Held at amortised cost £000	Held at fair value through I&E £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2018 under IAS 39			
Loans from the Department of Health and Social Care	237,052	-	237,052
Obligations under finance leases	-	-	-
Obligations under PFI, LIFT and other service concession contracts	29,872	-	29,872
Other borrowings	-	-	-
Trade and other payables excluding non financial liabilities	49,999	-	49,999
Other financial liabilities	-	-	-
Provisions under contract	-	-	-
Total at 31 March 2018	316,923	-	316,923

Note 42.4 Fair values of financial assets and liabilities

The fair value for obligations under PFI, LIFT and other service concession contracts as at 31 March 2019 is £30,690k (31 March 2018,)

Note 42.5 Maturity of financial liabilities

	Group		Trust	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
In one year or less	108,780	271,856	108,780	271,856
In more than one year but not more than two years	65,702	2,163	65,702	2,163
In more than two years but not more than five years	64,191	12,608	64,191	12,608
In more than five years	138,847	30,296	138,847	30,296
Total	377,520	316,923	377,520	316,923

Note 43 Losses and special payments

Group and trust	2018/19		2017/18	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	1	0	-	-
Bad debts and claims abandoned	129	145	26	53
Stores losses and damage to property	4	81	4	9
Total losses	134	226	30	62
Special payments				
Ex-gratia payments	55	16	64	17
Total special payments	55	16	64	17
Total losses and special payments	189	242	94	79

The losses relate to Brighton and Sussex University Hospitals NHS Trust alone

Note 44 Gifts

As at 31 March 2019 no gifts were made.

Note 45.1 Initial application of IFRS 9

IFRS 9 Financial Instruments as interpreted and adapted by the GAM has been applied by the Trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to reserves on 1 April 2018.

IFRS 9 replaces IAS 39 and introduces a revised approach to classification and measurement of financial assets and financial liabilities, a new forward-looking 'expected loss' impairment model and a revised approach to hedge accounting.

Under IFRS 9, borrowings from the Department of Health and Social Care, which were previously held at historic cost, are measured on an amortised cost basis. Consequently, on 1 April 2018 borrowings increased by £1,529k, and trade payables correspondingly reduced.

Reassessment of allowances for credit losses under the expected loss model resulted in a £0k decrease in the carrying value of receivables.

The GAM expands the definition of a contract in the context of financial instruments to include legislation and regulations, except where this gives rise to a tax. Implementation of this adaptation on 1 April 2018 has led to the classification of receivables relating to Injury Cost Recovery as a financial asset measured at amortised cost. The carrying value of these receivables at 1 April 2018 was £4,685k.

Note 45.2 Initial application of IFRS 15

IFRS 15 Revenue from Contracts with Customers as interpreted and adapted by the GAM has been applied by the Trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to the income and expenditure reserve on 1 April 2018.

IFRS 15 introduces a new model for the recognition of revenue from contracts with customers replacing the previous standards IAS 11, IAS 18 and related Interpretations. The core principle of IFRS 15 is that an entity recognises revenue when it satisfies performance obligations through the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services.

As directed by the GAM, the Trust has applied the practical expedient offered in C7A of the standard removing the need to retrospectively restate any contract modifications that occurred before the date of implementation (1 April 2018).

Application of IFRS 15 to the Group had no impact as the majority of contracts are for a maximum period of a year. Hence as at 31 March 2019, there was no contract asset to disclose.

Note 45 Related parties

There were no related party transactions with individuals reported during the year.

The Department of Health is regarded as a related party. During the year the Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. For example :

NHS England	Eastbourne Hailsham & Seaford CCG
Health Education England	High Weald Lewes & Haven CCG
Brighton & Hove City CCG	Horsham & Mid Sussex CCG
Coastal West Sussex CCG	East Sussex Healthcare NHS Trust
Crawley CCG	Western Sussex Hospitals NHS FT

The Trust entered into a management contract with Western Sussex Hospitals NHS Foundation Trust from 1 April 2017. The Executive Team and Chairman of Western Sussex Hospitals NHS Foundation Trust are also the Executive Team and Chairman of the Trust.

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with Brighton and Hove City Council, East Sussex County Council and West Sussex Council in respect of clinical services.

Jon Furmston is an Associate Non-Executive Director for the Trust and is also a Director of Openreach Limited, a subsidiary of BT Group plc. The Trust spent £376k with BT Group companies in 2018-19 (£199k 2017-18).

Note 46 Events after the reporting date

There are no events after the reporting period that have a material effect on these accounts.

Note 48 Better Payment Practice code

	2018/19	2018/19	2017/18	2017/18
	Number	£000	Number	£000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	151,501	491,077	144,804	454,027
Total non-NHS trade invoices paid within target	100,508	348,773	77,691	290,008
Percentage of non-NHS trade invoices paid within target	66.3%	71.0%	53.7%	63.9%
NHS Payables				
Total NHS trade invoices paid in the year	2,839	45,980	2,971	44,176
Total NHS trade invoices paid within target	1,514	31,911	1,251	26,555
Percentage of NHS trade invoices paid within target	53.3%	69.4%	42.1%	60.1%

The Better Payment Practice code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of valid invoice, whichever is later.

Note 49 External financing

The trust is given an external financing limit against which it is permitted to underspend

	2018/19	2017/18
	£000	£000
Cash flow financing	134,997	99,049
External financing requirement	134,997	99,049
External financing limit (EFL)	138,379	111,220
Under / (over) spend against EFL	3,382	12,171

Note 50 Capital Resource Limit

	2018/19	2017/18
	£000	£000
Gross capital expenditure	105,444	60,567
Less: Donated and granted capital additions	(1,853)	(1,037)
Charge against Capital Resource Limit	103,591	59,530
Capital Resource Limit	110,201	70,709
Under / (over) spend against CRL	6,610	11,179

Note 51 Breakeven duty financial performance

	2018/19
	£000
Adjusted financial performance surplus / (deficit) (control total basis)	(50,941)
Breakeven duty financial performance surplus / (deficit)	(50,941)

Note 52 Breakeven duty rolling assessment

1997/98 to

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance		10,227	4,512	42	3,325	5,114	(450)	(44,819)	(68,501)	(55,558)	(50,941)
Breakeven duty cumulative position	(17,834)	(7,607)	(3,095)	(3,053)	272	5,386	4,936	(39,883)	(108,384)	(163,942)	(214,883)
Operating income		415,950	439,750	574,218	606,074	558,555	520,765	529,475	550,369	563,153	587,723
Cumulative breakeven position as a percentage of operating income		(1.8%)	(0.7%)	(0.5%)	0.0%	1.0%	0.9%	(7.5%)	(19.7%)	(29.1%)	(36.6%)

Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, the Trust's financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to IFRIC 12 schemes (which would include PFI schemes), which has no cash impact and is not chargeable for overall budgeting purposes, is excluded when measuring Breakeven