



**The Walton Centre**  
NHS Foundation Trust

**The Walton Centre NHS Foundation Trust**

**Annual Report and Accounts 2019/20**

**The Walton Centre NHS Foundation Trust**

**Annual Report and Accounts 2019/20**

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

©2020 The Walton Centre NHS Foundation Trust

# Contents

	<b>Foreword from the Chair and Chief Executive</b>	<b>6</b>
<b>Section 1</b>	<b>Performance Report</b>	<b>7</b>
1.1	Performance Overview	7
1.2	Performance Analysis	28
1.3	Environment and Sustainability	32
1.4	Financial Review	33
<b>Section 2</b>	<b>Accountability Report</b>	<b>41</b>
2.1	Directors' Report	41
2.2	Remuneration Report	56
2.3	Staff Report	65
2.4	Disclosures set out in the NHS Foundation Trust Code of Governance	89
2.5	Annual Governance Statement	101
<b>Section 3</b>	<b>Audit Report</b>	<b>119</b>
<b>Section 4</b>	<b>Financial Accounts</b>	<b>129</b>

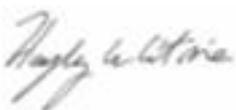
## Foreword from Chair and Chief Executive

Welcome to The Walton Centre NHS Foundation Trust's Annual Report for the period 1 April 2019 to 31 March 2020. This report sets out the key developments at the Trust during this period, as well as details of our performance and ongoing strategy.

The Care Quality Commission (CQC) undertook an inspection of The Walton Centre in March and April 2019 and in August 2019 the Trust was rated as 'Outstanding'. This significant achievement follows the Trust's previous 'Outstanding' rating in 2016. The latest inspection scrutinised the Trust's compliance with the 'well-led' domain in the Surgical Division, with a particular focus on the leadership, strategy and culture of the organisation.

The Board of Directors would like to pay tribute to the hard work and dedication of staff and the invaluable assistance provided by many supporters, including volunteers, support groups, charitable groups, fundraisers, members, governors, and our current and previous patients.

The Board of Directors is responsible for ensuring the production of the Trust's Annual Report and Accounts and considers this document, taken as a whole, to be fair, balanced and understandable, and provides the information necessary for patients, regulators, and other stakeholders to assess The Walton Centre's performance, business model and strategy.



**Hayley Citrine, Chief Executive**  
**22 June 2020**



**Janet Rosser, Chair**  
**22 June 2020**

This report was approved and adopted by the Board of Directors on 22 June 2020. The Trust's 2019/20 accounts have been prepared under a direction issued by Monitor under the National Health Service Act 2006.

# Section 1- Performance Report

## 1.1 Performance Overview

### Statement from the Chief Executive

Welcome to The Walton Centre NHS Foundation Trust's Annual Report for the period 1 April 2019 to 31 March 2020. A key highlight for the year was the CQC inspection of the Trust in March and April 2019 which resulted in the Trust being rated as 'Outstanding'. This significant achievement follows the Trust's previous 'Outstanding' rating in 2016. The latest inspection scrutinised the Trust's compliance with the 'well-led' domain in the Surgical Division, with a particular focus on the leadership, strategy and culture of the organisation.

### Trust History and Statutory Background

The Walton Centre began as two wards in Walton Hospital on Rice Lane, Liverpool in the late 1940s. Neuroscience services in the city of Liverpool grew into a department, including pain management and a critical care unit. In 1992, The Walton Centre was established as an NHS Trust and gained Foundation status in 2009.

### Vision, Objectives and Values

Our vision is what we strive for and our purpose is what we do:

- Vision - Our vision is excellence in Neuroscience. We are always striving for outstanding patient outcomes and the best patient, family and carer experience. We will continue to cherish the standards we have achieved, whilst exploring how we can enhance these further, shaping Neuroscience treatment and care for the future
- Purpose - Dedicated specialist staff leading future treatment and excellent clinical outcomes for brain, spinal and neurological care nationally and internationally.

To deliver our vision and to meet our purpose, we have through consultation with staff, patients and partners agreed a set of ambitions together:

- Deliver best practice care and treatments in our specialist field
- Provide more services closer to patients' homes, driven by the needs of our communities, extending partnership working
- Be financially strong, meeting our targets and investing in our services, facilities and innovations for patients and staff
- Lead research, education and innovation, pioneering new treatments nationally and internationally

- Adopt advanced technology and treatments enabling our teams to deliver excellent patient and family centred care
- Be recognised as excellent in our patient and family centred care, clinical outcomes, innovation and staff wellbeing.

To meet our ambitions, we need to ensure a learning culture that empowers staff to believe they can make and lead change, be curious and seek continuous improvement. We want all staff to feel comfortable being open and honest, treating patients and each other with dignity and respect and we do this through our Walton Way values; Dignity, Respect, Caring, Pride and Openness.

## **Business Model and Operating Environment**

The Trust operates as the hub for a network of services provided in hospitals and community locations across Merseyside, Cheshire, North Wales and the wider North West – The Cheshire and Merseyside Major Trauma Centre Collaborative, Cheshire and Merseyside Rehabilitation Network, our neurology services provided in 34 locations and the developing spinal surgery network. This also includes supporting GPs and hospitals to manage patients with neurological conditions better locally, without referring to the specialist centre.

## **Research, Education and Innovation**

Research, education and innovation are central to the delivery of the Trust's overall strategic ambitions. Within the Neuroscience Research Centre (NRC) there is a dedicated team aspiring to:

- Work collaboratively with other trusts, Liverpool Health Partners (LHP), universities, the Clinical Research Network (CRN), industry partners, the Applied Research Collaboration (ARC) and the Academic Health Science Network (AHSN), giving the NRC the opportunity to expand its research portfolio which is paramount for developing new treatments
- Ensure the NRC's core functions have robust governance arrangements and that research study is delivered in a timely manner aligned to legislation, Trust policies and procedures
- Enable appropriate sponsorship of clinically led studies through a supportive infrastructure that is accountable to the Research, Development and Innovation Committee
- Promote innovation, education and collaboration as fundamental to the Trust's status as a centre of excellence.

This year has seen the publication of the Trust's new Research and Development Strategy that was ultimately endorsed by the Trust Board in January 2020. This was the culmination of a comprehensive process of engagement with the Consultant Body and other relevant stakeholders, to ensure that it reflected the genuine aspirations of our most ambitious staff members.

The NRC recruited 1,262 patients in 2019/20. Currently, there are 180 studies within the department of which there are:

- 9 in 'feasibility' stage
- 1 in 'expressed interest' stage
- 58 in setup (including those currently on hold due to COVID-19)
- 83 open studies (including those currently on hold due to COVID-19)
- 29 in follow up.

A notable achievement during this year is that the NRC has been the first recruiter nationwide for two significant studies:

- SC IL study – Ultimately, it aims to test the effectiveness of the drug Kineret in improving patient recovery following an acute subarachnoid haemorrhage
- PQIP study - This is a Perioperative Quality Improvement Programme aimed at improving the standards of care.

Innovation is at the centre of The Walton Centre's culture in order to remain the outstanding centre of excellence for Neuroscience in England. This year saw the development of the Trust's first Innovation Strategy that was endorsed by the Trust Board in January 2020. The focus was on establishing a culture of innovation and developing a range of initiatives that reflect the scope of services across the Trust as a whole.

Following the appointment of an Innovation Co-ordinator, the Trust has now established a database to monitor the progress of all innovation initiatives on behalf of the Trust's Research, Development and Innovation Committee. A key achievement has been establishing a pipeline of potential projects some of which could be supported by The Walton Centre Charity.

Key activity has included:

- Elementary Routine Nutritional Screening Tool (ERNST) - This product will enable patients at risk of malnutrition and obesity to access appropriate care and treatment more efficiently and consistently. Uniquely, ERNST will provide quick and easy digital screening to detect risk for both conditions, which together are estimated to cost the UK economy over £22 billion each year
- Virtual Engagement Rehabilitation Assistant (VERA) - An interactive virtual platform that supports holistic rehabilitation of patients and carers in inpatient and community settings
- Multitom Rax – This is the world's first twin robotic X-ray imaging that combines patient care and productivity. It has the capability of performing numerous x-rays in one room, ability to see reality with natural real 3D and less patient positioning and transfers. The equipment was fully installed at The Walton Centre in March 2020. The Trust is the first health care provider in Europe to have a Multitom Rax.

Movement Analysis Laboratory Business Case - The Trust has spent a long period during 2019/20 engaging key stakeholders on its proposed and ambitious new improvement for complex rehabilitation services. This initiative is likely to be the Trust's main focus for innovation in the coming year, subject to Trust Board approval. This will include two key pieces of equipment:

- A Gait laboratory which accurately measures abnormalities in walking patterns, helps to determine the cause of abnormalities during walking, provide information to assist clinical decisions about treatment, such as surgery, therapy and orthotics, and evaluates the outcome of treatment in order to maximise results
- The Computer Assisted Rehabilitation Environment (CAREN) which targets all aspects of balance and locomotion for clinical assessment and treatment. It is also regarded as the world's most advanced biomechanical laboratory.

### **Going Concern Disclosure**

Following extensive enquiries, the Directors have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. They have identified no material uncertainties that cast significant doubt on the Trust's ability to continue as a going concern. For this reason, they continue to adopt the going concern basis in preparing the accounts.

The main factors in reaching this conclusion are:

- The Trust is in excellent financial health with good levels of reserves and has a track record of delivering surpluses
- The Trust has a robust governance structure which includes a Business Performance Committee, a sub-committee of the Board of Directors, which has responsibility to monitor financial performance and oversee the necessary corrective action on behalf of and in conjunction with, the Board of Directors
- NHS England/Improvement (NHSE/I) have stated that the government has issued a mandate to NHSE/I for the continued provision of services in 2020/21 and Clinical Commission Group (CCG) allocations have been set for the remainder of 2020/21. While these may be subject to minor changes as a result of the COVID-19 financial framework, providers can therefore continue to expect NHS funding to flow at similar levels to that previously provided where services are reasonably still expected to be commissioned
- While mechanisms for contracting and payment are not definitively in place, it is clear that NHS services will continue to be funded and government funding is in place for this

- The Trust has been prudent in its cash flow assumptions for 2020/21 by utilising the current financial framework of a breakeven position and incorporating the impact of capital expenditure, repayment of Public Dividend Capital, repayment of interest and capital on Department of Health and Social Care loans and the movement in working balances for the rest of the year
- Projected cash balances are sufficient to sustain the capital investment programme and meet short term operating costs. The Trust has sufficient cash headroom to support its plans
- The Trust has sufficient cash reserves to be able to operate for over 79 days if all income flows were to immediately cease
- There is no expectation for short term loans or overdraft facilities
- Auditors' opinions have provided assurance as to the accuracy and reliability of the Trust's financial systems and the robustness of the internal controls
- The Trust does not have evidence indicating that the going concern basis is not appropriate or that there is any prospect of intervention or dissolution within 12 months from the date of approval of these financial statements. In terms of the sustainable provision of services, there has been no indication from the Department of Health and Social Care that the Trust will not continue to be a going concern.

## **Summary of Performance**

Throughout 2019/20, the Trust has remained in a strong position on quality and performance. Through the Trust's two divisions; Neurosurgery and Neurology, The Walton Centre continues to deliver excellent care to patients in a timely manner.

## **Neurosurgery Division**

The Division of Neurosurgery is responsible for:

- Neurosurgery
- Anaesthetics
- Theatres
- Surgical wards
- Critical Care
- Pain Medicine
- Pain Management Programme
- Neuroscience Laboratories
- Day Case Unit
- Advanced Neurosurgery Nurses
- Advanced Pain Medicine Nurses
- Cancer Services

- Major Trauma Service
- Clinical Audit and Outcomes
- Teaching, Training and Research across the specialities within the Division.

Within the Neurosurgery service there are 20 Consultant Neurosurgeons, 2 Consultant Orthopaedic surgeons and 27 Specialist Nurses working alongside Allied Health Professionals (AHPs) to deliver specialist services at the Centre and at nine satellites sites at partner trusts across Cheshire and Merseyside, Isle of Man and Wales.

Within the Pain Medicine Service there are 7 Consultants in Pain Medicine and 5 Specialist Nurses again supported by AHPs, to deliver a highly specialised pain service on site enhanced by joint specialist clinics working with Liverpool Women's NHS Foundation Trust, Liverpool University Hospitals NHS Foundation Trust (Aintree site) and Alder Hey Children's NHS Foundation Trust.

2019/20 saw the division strengthen its leadership team through the establishment of a leadership triumvirate which includes the Divisional Director, Clinical Director and Lead Nurse. In addition, the team made the following appointments: Clinical Director for Neurosurgery, Clinical Director for Anaesthesia and Clinical Director for Pain Medicine.

### **Division of Neurosurgery**

The Division continues to be one of the busiest neurosurgical units in the country, seeing 9,800 new patients, 3,800 elective patients, and 1,700 emergency inpatients during 2019/20. This year's activity reduced compared with 2018/19. The most significant challenge in year was reduced capacity as a result of tax changes implemented which affected the NHS pension scheme for many consultants. This impacted a significant number of the consultants and resulted in a reduction of waiting list initiative (WLI) activity undertaken and contracted programmed activities (PAs) within job plans. During quarter 4 the impact of the COVID-19 international pandemic has impacted significantly on elective throughput.

Achievement of the average weekly wait to treat (RTT) target until March 2020, had been below the Clinical Review Standard target of 8.2 weeks for the speciality of Neurosurgery; performance in March increased to 8.6 weeks with the impact of cancellations due to COVID-19, without which, Neurosurgery as a speciality would have achieved the 8.2 weeks for March 2020.

The spinal service received the EUROSPINE Spinal Centre of Excellence award following an intensive visit from auditors in April 2019, one of the first to receive this in the country.

We are also moving forwards at speed with a number of Getting It Right First Time (GIRFT) recommendations, including implementing a single Complex Spinal consultant on-call emergency rota

across the whole region. Work has been ongoing on this for quite some time and this is due to start in July 2020. The Division has recruited a Spinal Clinical Lead and an Operational Lead for the reconfiguration of spinal services across Cheshire and Merseyside following recommendations from NHSE/I that there is one lead provider of spinal services in the region, which will be The Walton Centre.

The Neurosurgical Division maintains a high national presence with Miss Gilkes, Consultant Neurosurgeon, as The Society of British Neurological Surgeons (SBNS) Meetings Secretary and member of the Executive Council of the SBNS and Mr Teli, Consultant Orthopaedic Surgeon, the SBNS' Treasurer. Mr Pigott, Consultant Neurosurgeon, immediate past president of EUROSPINE and Mr May, Consultant Neurosurgeon, past president of SBNS and has also been appointed Director of Clinical Academic Development at the University of Liverpool.

The Trust hosted the International Cauda Equina Syndrome Consensus for the first time; this was co-ordinated by Dr Srikandarajah, Neurosurgery Specialist Registrar. Working closely with patients, the group is the first in the world to develop a core set of outcomes for this condition that would be crucial for future research studies. This has been officially registered on the Core Outcome Measures in Effectiveness Trials (COMET) database. This process took three years in collaboration with spinal neurosurgeons, neurologists and academics from The Walton Centre and the University of Liverpool. The consensus process brought together patients and healthcare professionals and has already resulted in six international and national presentations.

Professor Jenkinson was one of the Chief Investigators of The British Antibiotic and Silver Impregnated Catheters for ventriculoperitoneal Shunts (BASICS) study which was co-ordinated by Professor Gamble and run by the University of Liverpool Clinical Trials Research Centre. The BASICS study shows that antibiotic shunts reduce the risk of infection for all patients having shunt surgery for hydrocephalus. The use of antibiotic shunts routinely means we really can 'get it right first time' by avoiding harm and delivering better outcomes for all our patients.

The Division expanded the number of satellite sites with the first neurosurgery satellite clinic in North Wales being held in April 2019. Miss Gilkes, Consultant Neurosurgeon, is now providing a monthly clinic at Glan Clwyd Hospital, to avoid some patients having to travel to Liverpool.

Since the establishment of the Major Trauma Centre (MTC) Collaborative between Liverpool University Hospitals NHS Foundation Trust (Aintree site) and The Walton Centre in 2012, continual progress has been recognised both locally and nationally. The Trust remains the second best performing MTC in the country according to the Trauma Audit and Research Network (TARN) clinic report. The last 12 months has seen great success; funding was agreed for a clinical support worker for major trauma to support traumatic head injury patients through to rehabilitation, collecting clinical outcomes as recommended by GIRFT and CQC. The Liverpool Head Injury Tomography Score (HITS) was published in January 2020, which was led

by Miss Catherine McMahon, Consultant Neurosurgeon and Major Trauma Clinical Lead. This is the scoring system for computed tomography (CT) scans for mild head injuries and can potentially reduce the number of referrals made by 50%. This score is now included in the network referral guidance and is already used in many trusts across the region and further afield. We are a pilot site for the TARN system including new mandatory criteria and are now in the testing phase for the electronic rehabilitation prescription, with anticipated live pilot to start imminently (pending COVID-19).

The Division held the second successful Major Trauma Conference, hosted by the Major Trauma Collaborative, with over 100 guests and requests for further teaching. It has successfully obtained charitable funds for a pupilometer, funding has been agreed for the continuation of support from Headway Charity and the service now contributes to the cranioplasty registry to enhance our outcome collection.

The Trust has commenced its Outpatient Antimicrobial Therapy (OPAT) service. The service provides consistency in patient follow up, antibiotic duration, blood monitoring, dosing, and imaging requirements for medically stable patients who have been discharged on intravenous (IV) antibiotic therapy. This eliminates the need to admit patients whose only reason to stay in hospital is to receive IV antibiotic therapy. The provision of an OPAT service is nationally supported with evidence-based positive outcomes. It improves the experience of patients and their families and reduces inpatient length of stay and admissions related to inappropriate antibiotic cessation. This service initially started for patients with spinal conditions and has now been expanded to also support patients with cranial conditions.

The Walton Centre has strengthened its Skull Base service by appointing an Advanced Nurse Practitioner and has successfully implemented holistic needs assessment for patients with skull base conditions.

A same day discharge four week pilot was undertaken during summer 2019 to highlight the benefits of same day discharge, with the view to expand this in the future and potentially develop Jefferson ward as a purpose built day case unit. During the four week pilot period, there were 19 patients who met the criteria of same day discharge; of which 12 were safely discharged on the same day as their procedure.

Following the development of the 'Walton Surgical Assistant' role, the Theatre department was awarded 'Team of the Year' from Association for Perioperative Practice. The role provides an additional set of skills to enable greater efficiency in the operating room and provides essential development opportunities for eligible staff.

The Division participated in the second wave of the Specialised Clinical Frailty Network. The overall aim of the Network is to review how frailty assessment and management can be best integrated into specialised service pathways. Specifically within Neurosurgery, we explored how we can improve the clinical pathway for patients aged 65 and over who are referred for emergency surgery. The Network is a clinically led

quality improvement collaborative, delivered by NHS Elect; the Clinical Lead for the Trust was Mr David Carter.

## **Anaesthesia and Critical Care**

The Anaesthetic department maintained their Anaesthesia Clinical Services Accreditation (ACSA) from the Royal College of Anaesthetists (RCoA) in 2019/20. ACSA is the RCoA's peer reviewed scheme which promotes quality improvement and the highest standards of patient experience, patient safety and clinical leadership within anaesthetic services. ACSA accreditation was first awarded to our Anaesthetic department in 2017; the Trust was the eighth in the North of England and the seventeenth in the UK to receive the prestigious accreditation and continues to develop the service for the benefit of patients and staff.

The Division recruited an Acute Pain Nurse to support a dedicated Acute Pain service which is led by an Acute Pain Consultant Anaesthetist. This service reduces patients experiencing unmanaged acute post procedure pain in the context of ever increasing complexity of surgical capabilities, addresses the findings within the ACSA review and works towards the recommended Guidelines for the Provision of Anaesthesia Services (GPAS) for Acute Pain Services 2017 published by the Royal College of Anaesthetists.

The department was successful in their bid for this year's Roy Ferguson Compassionate Care Award. The project was to develop a pager system, designed to alert families of patients in Critical Care of any changes with their condition and enable families to spend more time with patients being cared for on Critical Care.

In summer 2019, the Trust opened a new cutting edge 'Garden Room' for Critical Care patients with access to its very own outdoor space. The building acts as an outdoor extension for patients to help with delirium and is one of the first of its kind in the UK. The Garden Room has electric, piped oxygen and suction systems which allows long term ventilator dependent patients to spend time with their friends and families in an outdoor environment whilst receiving the care and support they require. The project was completely funded by The Walton Centre Charity through donations received into the Horsley Fund.

In November 2019, the service underwent a Getting It Right First Time (GIRFT) review. There were numerous points of notable good practice observed, including psychological support that is available for patients and the work which is being undertaken for staff support. One of the key areas for action is in relation to the AHP provision as per the Guidelines for the Provision of Intensive Care Services (GPICS) recommendations. This is already a key area of focus for the Division and the team are currently developing a business case for the additional resource required.

## **Pain Medicine**

Increased demand continues within the service with over 4,800 new patients and 1,500 elective inpatient admissions in 2019/20. This year's elective activity reduced compared with 2018/19 which was mainly due to the impact of the COVID-19 in March 2020. Due to the increase in demand, the service continues to look at alternative ways of working and has worked jointly with Sefton CCG throughout the year and implemented an Integrated Pain Pathways and Medicines Leadership Group, with participants from a range of commissioners and provider organisations including voluntary, local authority and health sectors, with the overall aim of collaboration across organisations to reduce the overall demand on secondary and tertiary care services. Managing the demand remains a challenge and requires additional capacity which is managed through WLIs. However, reduced capacity as a result on the tax changes implemented which affected the NHS pension scheme for many consultants, has exacerbated the situation further.

The Division has strengthened the patient outcome collection for the service and now contributes to the National Neuromodulation Registry. Outcome collection remains a priority area for the service and it continues to work to expand, strengthen and consolidate processes for collection, integrating digital solutions to increase outcome collection and reduce the time burden on patients and clinical staff. In July 2019, Dr Marshall was appointed as a Professor of Pain Medicine.

The 35<sup>th</sup> Liverpool Annual Pain course on the Management of Chronic Pain was held in July 2019, supported by The Pain Relief Foundation. This is an advanced practical and interactive course in clinical pain management for multidisciplinary pain professionals and trainees, who are aiming to develop their skills in assessing and treating complex chronic pain patients. The course offered the opportunity to develop an evidence-based approach to assessment, examination and formulation of diagnosis, and how to design a comprehensive management plan. The course attended by national and international delegates was again oversubscribed and delegate feedback continued to be excellent.

Dr Sharma remains an elected Board member for the Faculty of Pain Medicine. Miss Johnson, Pain Specialist Physiotherapist, is also on the Executive Committee for The Physiotherapy Pain Association and Mr Tetlow, Lead Occupational Therapist, is a committee member for the Chronic Pain Guideline which is an advisory Committee to The National Institute for Health and Care Excellence's (NICE) Board.

## **Pain Management Programme (PMP)**

Through the work of the regional Health and Care Partnership for Cheshire and Merseyside and specifically the Neuroscience programme, we continue to build on the successes of the Neuro Network Vanguard with the ambition to increase Community Pain Management Programme (CPMP) local provision to serve the population of Cheshire and Merseyside.

We also continued to provide our full range of specialist PMPs for people experiencing chronic pain including:

- Intensive 16 day PMP with outpatient and residential options
- 5 day PMP
- Chronic Pelvic PMP
- Young Adult PMP (approximately 18-25 years)
- Facial PMP
- Individualised PMP for more complex needs that cannot be met in a group based PMP setting.

We continue to enhance all aspects of the programme and have this year developed an information booklet specifically aimed at helping children 'Do you know someone whose body always hurts?'; this has helped our patients in explaining their condition and their difficulties to their younger children, as well as what they are learning on PMP.

## **The Neuroscience Laboratories**

During 2019/20, demand has been observed in Clinical Neuroimmunology and Clinical Neurobiochemistry, due to increased referred work from external trusts. The Neuropathology service workload has been stable and there has been an increase in muscle biopsy activity.

Two full time Consultant Neuropathologists are in post and all clinical services are currently being managed in house. Previous Service Level Agreements with external providers have now been discontinued however, the team maintains a strong network with the regional North West Neuropathology units, Liverpool Clinical Laboratories, the regional Genomic Laboratory Hub in Manchester, University College London and the Northern Molecular Genetics Services in Newcastle.

Given the increased emphasis on molecular profiling of brain tumours, routine reporting of neurosurgical specimens has become more complex and has multiple test requirements. The repertoire of diagnostic immunohistochemical stains has been increased substantially and there are plans to introduce several more new antibodies. As the prospective workload has increased, there has also been a steady review of previous histology specimens requiring molecular profiling and updated integrated diagnosis as per the current practice. Neuromuscular work including electron microscopy has an upward trend when compared

to previous years. The departmental managerial portfolios are shared by the two Consultant Neuropathologists; with one appointed as the Consultant Clinical Lead in September 2019 and the other is the Designated Individual for Human Tissue Act (HTA) and oversees the bio bank. Both consultants are participating in ongoing tumour research projects at The Walton Centre and continue to participate in Neuropathology teaching. The Neuropathology service is supported by an excellent laboratory team, with currently only one senior Biomedical Scientist vacancy. The Neuropathology laboratory has also successfully transitioned to a state of the art auto-immunostainer.

The Neuroimmunology and Neurobiochemistry laboratories are clinically led by a Consultant Clinical Scientist and two part time Principal Clinical Scientists. In May 2019, the Neuroimmunology laboratory introduced an autoimmune encephalitis panel to support the clinical investigation and diagnosis of autoimmune encephalitis for patients nationally. This service has proven to be essential for the rapid diagnosis of this rare condition. They have also introduced the expanded Paraneoplastic Antibody Testing Panel, which now includes fourteen paraneoplastic antibodies, assisting in the investigation of paraneoplastic disease. The Neurobiochemistry laboratory have introduced a beta trace protein assay, which increases the turnaround time to confirm the diagnosis of rhinorrhoea and/or otorrhoea, conditions which require rapid treatment to prevent central nervous system infection.

Following United Kingdom Accreditation Service (UKAS) accreditation in 2015; the Neuroscience Laboratories had a full inspection visit by UKAS in November 2019, thus completing the four year cycle, and successfully maintained accreditation. During this process, further specialist neuro diagnostic work was added to the accreditation scope of the services provided, evidence submitted and assessed, which resulted in full accreditation across the new scope.

The Walton Cerebrospinal Fluid Research biobank and the Walton Research Tissue Bank have been amalgamated to form the Liverpool Neuroscience Biobank at The Walton Centre (LNBW). The LNBW received ethics approval in February 2020. Sample collection into the LNBW has been good throughout 2019/20 until March 2020, which was affected by the COVID-19 pandemic. The LNBW will apply to be a pilot site to be accredited to International Standard Organisation (ISO) 20387:2018 biobank standards. A gap analysis against the standards has been completed and the LNBW can apply to be a pilot site in summer 2020. LNBW UKAS accreditation will confirm that the team who manage the LNBW provide a high quality service. UKAS accreditation will provide assurance to researchers that the collection and storage of samples at LNBW adhere to the ISO standards and can be trusted to support their research.

The Neuroscience Laboratories are currently recruiting a Medical Laboratory Assistant to support the Factors influencing Neurological Disease Risk and Severity in Multiple Sclerosis (FiNDERS-MS) and the Radiation versus Observation following surgical resection of Atypical Meningioma (ROAM) projects, with samples stored in the LNBW.

The Department is holding regular research and development meetings to support the development of services and to encourage translational research; its focus has been on the Neuroimmunology service and are looking ahead to introduce dementia markers with the support of Dr Davies, Consultant Neurologist and Interim Research Director, and the LNBW Committee.

As Dr Jacob, Consultant Neurologist, has recently left the Trust, the department is now supported by Dr Huda, Consultant Neurologist, who attends the departmental multidisciplinary teams and research and development meetings; working with the laboratory in the development of neuroimmunological assays and supporting translational medicine.

The laboratories are upgrading the Techindata LIMS system to Technidata Nex Labs LIMS. This system includes business analytics software and it will also support the upgrade to Windows 10. Implementation in the laboratories will commence in summer 2020.

To support the COVID-19 pandemic, the Neuroscience Laboratories assisted in the supply of two new blood gas analysers, one of which is located in the Critical Care unit and the other is intended for use in the Critical Care surge area, should this be required. The Neuroscience Laboratories have adapted their working practices to enable the processing of COVID-19 positive/suspected samples for most sample types.

Approval has been granted for the recruitment of a Professor of Pathology with clinical sessions in the Neuroscience Laboratories. This new joint position between the University of Liverpool and The Walton Centre, will also link with the newly created Liverpool Head and Neck Institute. The successful candidate will be expected to develop and expand the neuropathology research platform, linking in with clinical and academic colleagues to build a first class, world leading department. They will also be working alongside our two Consultant Neuropathologists to develop and expand the clinical work of the department.

## **Neurology Division**

The Division of Neurology is responsible for:

- Consultant Neurologists (currently 46 people in post)
- Long term condition pathway development and management such as Headache, epilepsy, Multiple Sclerosis, Parkinson's disease
- Hosting and managing the Cheshire and Merseyside Rehabilitation Network
- Neuropsychiatry
- Neuropsychology - outpatient and inpatient
- Neurophysiology
- Neuroradiology
- Thrombectomy development

- Manages the Pharmacy Service Level Agreement from Liverpool University Hospitals NHS Foundation Trust
- Ophthalmology
- Outpatient and Inpatient Therapy Service
- Outpatient services
- Neurology Specialist Nurses and Integrated Neurology Nurses Specialists(INNS)
- Clinical Audit
- Orthotics
- Intravenous Immunoglobulin (IVIg) database
- Service Level Agreements for 11 satellite services covering 21 sites for consultants only
- Managing the Regional Neuromyelitis Optica service
- Patient Access Centre
- Neurology medical secretaries

Alongside this, there is considerable operational management time dedicated to:

- Performance management of activity, capacity and demand
- Complaints and clinical governance management and co-ordination
- Community clinic management for the INNS and a lesser extent consultants
- Management of the consultant and nurse advice lines
- Ad hoc projects, more recently with Outpatient transformation and the TUPE of the Community Rehabilitation team.

## **Division of Neurology**

The Neurology Division continues to deliver a responsive specialist service to patients; both in the Centre and at partner trusts and community settings via an outreach service. This model of care was chosen as a preferred model by the Association of British Neurologists (ABN) following the work undertaken by the Trust as part of the NHS Acute Care Collaboration Vanguard and more recently by the NHSE/I review of Neurology services in England.

The Neurology service provides a specialist service to patients across Cheshire, Merseyside, North Wales and the Isle of Man. Our network of satellite clinics operates from 15 acute hospitals, providing both outpatient services and support to inpatients. It is a large and busy neurology service which in 2019/20, saw 85,629 new and follow up outpatients and treated 5,055 inpatients in either The Walton Centre's day case or ward facilities.

The Neurology service is delivered by a multi-skilled professional team. There are 46 consultants and 28 specialist nurses, who work alongside an experienced therapy team to provide the holistic and

multidisciplinary care required for our patients. Sub-speciality clinics are also provided in Epilepsy, movement disorders, Headache, Neuromuscular, Multiple Sclerosis, Motor Neurone disease, vascular and Neuromyelitis Optica.

There continues to be an increase in demand for our service year on year. As such, robust plans are required for both the consultant and nursing workforce. Two further consultants have been appointed in 2019/20. There has also been an additional 3 nurse specialists appointed working in the area of epilepsy.

The service continues to support the neurology service at Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust, since entering into a sub-contract with them in 2017/18. This has currently been enhanced by the addition of an Integrated Neurology Nurse. Work is also underway exploring how we can support by the service provided by Mersey Care NHS Foundation Trust when they have patients with neurology conditions detained.

Following the NHS Acute Care Collaboration Vanguard programme, work is continuing on the development and implementation of the Acute Headache pathway, alongside the national development of best practice guidelines for Headache. In the field of Epilepsy, we are supporting the implementation of the National Audit of Seizures in Hospitals (NAHS) 3 recommendations which link to the post seizure pathway. This work is also being supported locally by the INNS team who visit local Accident and Emergency departments to ensure neurology patients are on the correct treatment plan. The development of a pathway excellence framework for Parkinson's disease has also commenced along with the implementation of the Multiple Sclerosis pathway.

There remain frequent requests to share our learning at national events and also requests to support the development of other neurology services across the country.

The Cochrane Epilepsy Group continues to be based in Liverpool which maintains a high national and international profile, with awards of National Institute for Health Research grants and close collaboration with the European Brain Council. There also continues to be major interest in the service delivery of Epilepsy, the genetics of Epilepsy, magnetic resonance imaging (MRI) scanning and the drug treatment of Epilepsy including issues associated with prescribing Valproate in pregnancy.

The expansion of the mechanical thrombectomy service for stroke patients across Cheshire and Merseyside continues, with detailed plans for expansion in place which will see the service delivering care 24 hours a day over 7 days.

The Neurology service is continuing to develop its ambulatory care service across our larger acute sites. Ambulatory care provides a high quality patient focussed care pathway that delivers rapid senior assessment whilst avoiding the need for an inpatient stay. This is currently in place in Liverpool University

Hospitals NHS Foundation Trust (Royal Liverpool and Aintree sites) and Warrington and Halton Hospitals NHS Trust (Warrington site).

## **Therapy Services**

The Therapy services encompass five groups of AHPs within a range of multidisciplinary teams. Each group has an identified professional lead to provide assurance of professional competence and accessible support. All staff work to a combined collaborative/interdisciplinary model to deliver safe, effective and holistic patient centred care during all stages of the patient pathway; including major trauma, critical care and acute inpatients via a comprehensive rehabilitation pathway. The long term conditions therapy team provides outpatient care for patients living with long term neurological conditions.

During 2019, Therapies experienced an unusually high turnover of middle grade staff (Band 6) as they often start to specialise and follow career progression at this time. Fortunately, recruitment into these AHP vacancies is not an issue at The Walton Centre as therapists are keen to join the service. A predominately female workforce means there are always a high number of gaps due to maternity leave and this, plus the recruitment process, compounded the pressures during the past year. Added to this, is the increasing complexity and acuity of the patients requiring an increasing amount of time and clinical support for newly qualified staff. Despite this, all teams have successfully maintained a very positive 'can do' attitude to deliver high quality services whilst implementing service expansions and continuing to support audit, education, research and innovation. The Executive Team has supported additional resource to; recruit a Therapy Trauma Co-ordinator, Injection Therapist and a pioneering role for Occupational Therapy in movement disorders.

Over the course of the year, much work has been done to develop 'The Walton Centre Vision for Excellence in Occupational Therapy' mapped against the 4 pillars of the national Occupational Therapy Career Development Framework which includes; Professional Practice, Facilitation of Learning, Leadership, Evidence and, Research and Development. Sub-groups for the 4 areas have been set up with Occupational Therapy leads to foster development from within to support leadership at all levels.

The Speech and Language Therapy service has continued to develop by increasing care to patients with tracheostomies by attending daily multidisciplinary team ward rounds. Following capital investment in Fibreoptic Endoscopic Evaluation of Swallow (FEES) in 2019, there are now more Speech and Language Therapy staff competent to conduct objective swallow assessment using FEES. This service is now available 5 days per week and an increased number of staff are now competent in Videofluoroscopy, making the service more accessible all year round. A joint service review and audit into feeding assessments with Occupational Therapy means that more patients are now offered therapy for feeding needs via a joint Occupational Therapy/ Speech and Language Therapy Feeding Group.

The Physiotherapy Team are participating in a national, multi-centre trial into the efficacy of an exercise programme for patients with Functional Neurological Disorder (FND). A senior physiotherapist provides the treatment programme under investigation. The Executive Team has agreed to support a six month pilot FND service to evaluate the potential of a substantive physiotherapy role within this pioneering clinical field. Exploration into the potential to expand the main therapy service from five to seven days to enhance the level of rehabilitation into Critical Care and to support the proposed increased in complex spinal surgery during 2020/21 is underway.

A dietitian has successfully completed a PhD in June 2019 and continues to collaborate with the Trust on progressive research projects forging links between the Trust and higher education providers. Dietitians have also been invited to present at a number of national conferences, including the British Dietetic Association Specialist Group study days in Critical Care and Neuroscience and the New Horizons conference focusing on dementia. A member of the team has authored two book chapters exploring the nutritional management of traumatic brain injury and nutrition therapy in neurointensive care. Together, these activities have raised the profile and promoted the Trust as a Centre of Excellence. The Walton Centre Charity supported the purchase of a new medical body composition analyser (MBCA) in June 2019 to provide objective measurements of body composition that will inform therapeutic nutritional interventions used to optimise patient outcomes of neurological rehabilitation programmes.

The focus for Outpatient therapy is on condition management and promoting health and wellbeing through a biopsychosocial approach. This service has developed significantly and has really started to establish itself as an exemplar in specialist care. The access to therapy within the neuromuscular service was recognised as an important factor in the Trust maintaining its centre of excellence status by Muscular Dystrophy UK (MDUK).

The Long Term Conditions Therapy service continues to grow, developing progressive intervention to match the changing needs for patients with complex, life-limiting neuromuscular conditions. The aim being to provide a more comprehensive, holistic and therapeutic experience for the patient group transitioning from paediatric to adult care that are aligned to national guidelines to elevate standards of care and provide regional consistency in assessment and treatment of people.

The Improving Lives: The Future of Work, Health and Disability (Department of Work and Pensions/Department of Health) agenda calls for greater integration of health, social care and welfare systems to help disabled people move into and remain in sustainable employment and the recent Health is Everyone's Business paper recognises the need for a preventative approach that will help people to stay in work if they develop a health condition or disability. In response to this, the Long Term Conditions team plan to redirect some of the current resource into Occupational Therapy Employment clinics. This clinic aims to increase self-efficacy for staying in work or engaging in a work environment by providing targeted support to address employment related concerns and productivity deficits. Currently, this clinic is the only

cross condition clinic provided by the Long Term Conditions team and supports people with Multiple Sclerosis, neuromuscular conditions, Motor Neurone disease and Parkinson's disease. However, opportunities are constantly identified to develop cross condition resources; within physiotherapy we have worked on developing constituency in the utilisation of national exercise guidance and use of falls measures and information provided to patients across the Long Term Conditions patient groups.

## **Rehabilitation Therapy**

The therapy teams working across the Hyper Acute Unit and the Complex Rehabilitation Unit have been actively involved in several single and multidisciplinary developments over the last year.

Physiotherapy and Occupational Therapy have worked to further develop and roll out the Shoulder and Spasticity ward rounds. These are now carried out regularly on both the Hyper Acute Unit and the Complex Rehabilitation Unit.

Rehabilitation physiotherapy is also represented on 2 rehabilitation based innovation projects working with external partners on developing new technologies. These projects include utilising virtual feedback and media support for patient information and remote interventions, and the design of a soft robotic system for upper limb function/exercise practice. They are also actively involved in delivering the Masters Module in Complex Rehabilitation and this year the work has progressed to involve the writing of a book to supplement the course learning. The second drafts of each book chapter have recently been submitted and it is expected that the book will be published in 2021.

A culture of enquiry and research activity is encouraged and celebrated. Education, training, research and innovation are key functions of the wider therapy service. An education committee to compliment the Cheshire and Merseyside Rehabilitation Network's Research, Development and Innovation Group has been developed with a focus on optimising learning resources and skills for a shared learning approach that is innovative and supportive.

## **Complex Rehabilitation**

The Walton Centre is both the host and provider of the Cheshire and Merseyside Rehabilitation Network (CMRN), commissioned by NHS England and CCGs in January 2013 to integrate complex rehabilitation services from hyper acute to community in the region.

The CMRN is a unique collaboration of six provider partner organisations to deliver a high quality, co-ordinated and seamless pathway of care:

- The Walton Centre (Level 1 Hub Units, Level 2 Spoke Unit and Community Service)
- Liverpool University Hospitals NHS Foundation Trust (Level 2 Spoke Unit)

- St Helens and Knowsley Teaching Hospital (Level 2 Spoke Unit)
- Wirral University Teaching Hospital (Level 2 Spoke Unit)
- Oak Vale Gardens Priory Group (Level 3 Extended Unit and formally a part of the Network)
- Bridgewater Community Healthcare NHS Trust (Community Service).

The CMRN services are delivered by multidisciplinary teams to improve medical, physical, cognitive, communicative and behavioural outcomes following traumatic injury or illness, irrespective of diagnosis.

During 2019/20, the NHS England Quality Surveillance Peer Review assessed the two hub units at The Walton Centre as meeting 100% of the 15 quality standards for level 1 specialist rehabilitation service provision.

The Network has a strong focus on maximising clinical outcomes, but optimising patient flow and occupancy remains a challenge. This year, there has been a greater focus on the Trust's performance data to enable increased collaboration and partnership working through the clinical management group to respond more effectively and efficiently to operational practice. In seeking to ensure that The Walton Centre utilises its resources effectively, it has also reviewed its performance data involving all key stakeholders (clinicians, managers, commissioners) to inform the new data set for 2020/21 so that it can be used to review and inform clinical, operational and strategic service improvements.

In addition, the Trust has also reviewed and developed a revised governance system which will be implemented in 2020/21 and will improve quality and safety assurance and oversight across the Network.

The Walton Centre has expanded its existing Rehabilitation Co-ordination service and introduced a Rehabilitation Co-ordinator at Clatterbridge Rehabilitation Centre to strengthen links and access to the CMRN for Wirral and Cheshire patients.

The focus on quality care is reflected in the development of quality improvement plans (service and cross-organisation audits, research and innovation) within each of the services as the Trust seeks to constantly review patient needs and improve services.

This year, the Network undertook (and responded to) a staff engagement survey. A networking event was held and attended by approximately 60 staff who reported that the event was excellent/good for enabling and promoting Network working (97%), sharing and learning about the Network (95%), improving patient experience (88%) and improving staff engagement (86%).

The Walton Centre is three years into its five year strategic plan and is operating in a time of unprecedented change to which it must be agile and responsive. Over the next twelve months, the Trust will be working in collaboration and partnership with its commissioners with a greater focus on

sustainability, reviewing our model of care, operating structures and cost base to enable us to respond more effectively to changes in commissioning and patient needs.

## **Neuropsychology**

Neuropsychology has been through some challenging times in 2019/20. Three of the highly qualified and experienced team left The Walton Centre to progress their careers outside of the Trust. All left within a short period of time which left the service with a capacity/demand shortfall and a resulting increased waiting list. Recruitment was successful and the service is now fully staffed and the waiting list is falling steadily.

The inpatient Neuropsychology service was recruited to and started in 2019 and is progressing well since early 2020.

Recruitment to the research trial of physiotherapy treatment for patients with functional neurological disorders has closed and we await the outcomes which may form the basis of a future business case.

The Neuropsychology team is currently undergoing a service review and to this end, Neurologists and other referrers were asked what they wanted from their Neuropsychology service – there were many requests including repeated requests for Neuropsychology to provide cognitive and psychological intervention. Once the process issues are reviewed and improved, this will be discussed as a potential future development.

## **Neuroradiology**

2019/20 saw the procurement of a 3T wide bore MRI scanner, as a replacement for the narrow bore 3T scanner. This scanner can scan faster than the narrow bore and will increase opportunity for research and development.

2019/20 saw the purchase of a Multitom Rax to replace an analogue x-ray room which is the first of its kind in Europe. This is in line with the Trust's Innovation agenda and provides imaging of standing 3D spines, unavailable on the previous equipment.

The Department has been successful in recruitment and retention of Radiologist and Radiographers against national vacancy rates of +10%.

Neuroradiology continues to be an active member of the Cheshire and Merseyside Imaging Network Programme and has continued to lead on stroke pathway imaging.

The development of the mechanical thrombectomy service for stroke patients across Cheshire and Merseyside continues with expansion to a seven day service. Mechanical thrombectomy is a momentous

development in the treatment of stroke, demonstrating significantly improved outcomes and reduced disability for many stroke survivors. It remains an ambition of NHS England to see this treatment available 24/7 in the future in collaboration with local partners. Work is underway at The Walton Centre to realise this for our population.

## **Neurophysiology**

Managing high demand into Neurophysiology continues to be a challenge. The service continues to embrace different ways of working to meet demand and this has included the creation of advanced roles for Clinical Physiologists with plans for an additional post in 2020/21. In September 2019, a Clinical Physiologist was successfully recruited onto the Higher Specialist Scientist Training (HSST) programme as a trainee Consultant Clinical Scientist, the first trainee in the North West for the Neurophysiology profession. The HSST is a five year workplace based training programme (including completion of PhD) and is funded by the National School of Healthcare Science. The HSST programme is bespoke and here at The Walton Centre, the aim is to further develop their expertise in neurophysiology intra-operative monitoring, striking a balance between academic learning, work-based clinical training, plus research and development of innovative techniques.

Due to national and international shortages of Consultant Neurophysiologists, the service was particularly delighted to successfully recruit a Consultant Neurophysiologist in February 2020; they will start in post in August 2020.

## **Pharmacy**

Pharmacy services are provided via a service level agreement with Liverpool University Hospitals NHS Foundation Trust and the service continues to develop year on year. The Pharmacist Prescribing service is now well established, with pharmacists playing a key role in the same day admission process for elective surgical patients. Two pharmacists review all same day admission patients admitted Monday to Friday morning for surgery and prescribe their usual medicines, ensuring any necessary changes peri-operatively are actioned.

The wider role of pharmacists within The Walton Centre has further expanded this year, with senior pharmacist representation newly requested at various Trust groups, committees and initiatives. Further expansion of the pharmacy team occurred this year with the appointment of an Antimicrobial Pharmacist post.

## 1.2 Performance Analysis

The Trust has seen strong performance against a number of the key national indicators throughout this period. During 2019/20, the Trust's activity has decreased by 2.48% in comparison to 2018/19 (including diagnostic tests). There has been a decrease in inpatient activity of 4.75% and a decrease of 2.83% in day cases. When compared to 2018/19, outpatient activity has reduced by 2.93%. Key Diagnostic tests increased by 0.38% in 2019/20.

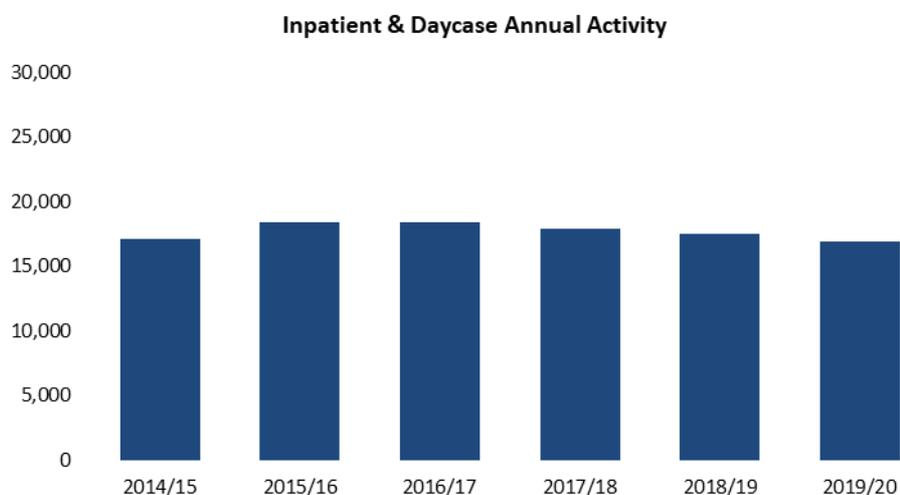
### Summary of Activity

Table 1 and Charts 1 - 3 show activity for 2019/20 compared to previous years.

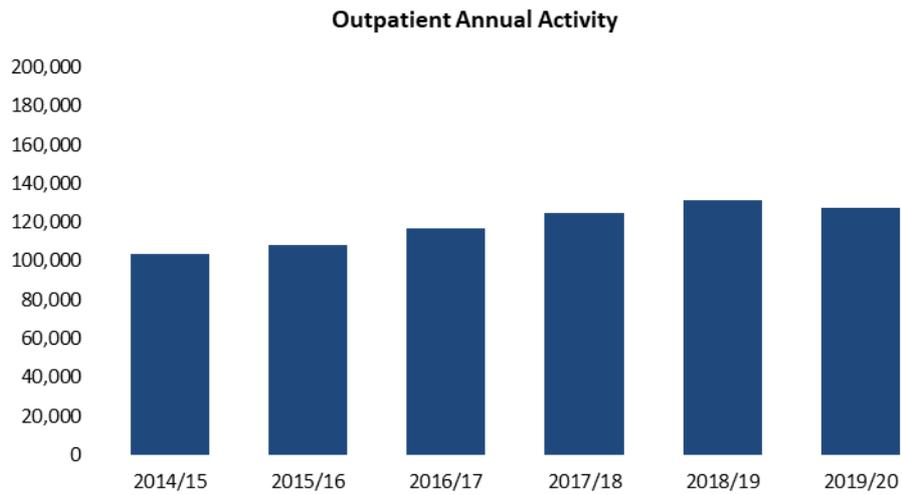
**Table 1**

Activity	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Day cases	11,405	12,893	12,964	12,547	12,102	11,760
Inpatients	5,719	5,479	5,491	5,408	5,436	5,178
Outpatients	103,891	108,518	116,701	125,012	131,285	127,441
Key Diagnostic tests	25,336	25,442	28,229	26,143	26,325	26,425

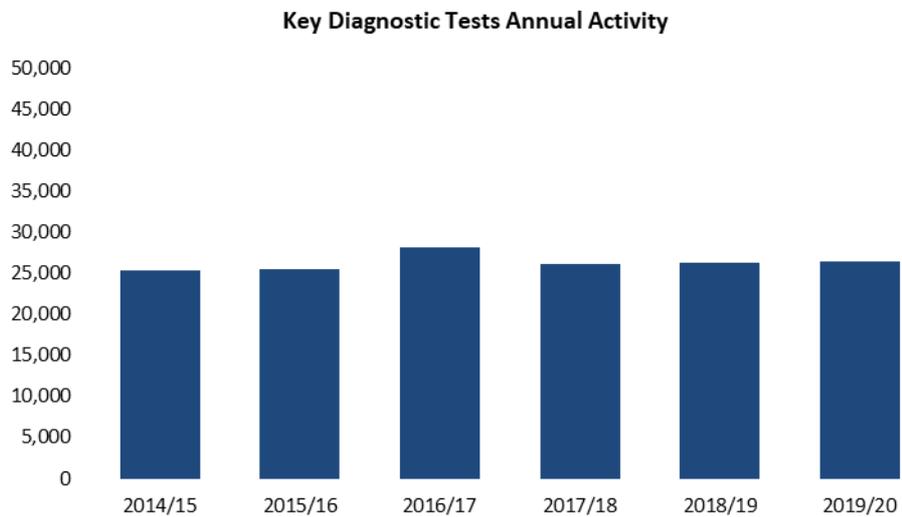
**Chart 1**



## Chart 2



## Chart 3



## Bed Occupancy Rates

Bed occupancy is measured in line with the relevant national definition and reflects occupancy at midnight. Overall for 2019/20, the average bed occupancy for the Trust's main wards (i.e. excluding Critical Care and the Complex Rehabilitation Unit) was 77.1%, a decrease of 7.1% on 2018/19. This was due to fewer inpatients and a reduced length of stay for patients. Table 2 below gives the breakdown of occupancy rates for 2017/18 and 2019/20.

**Table 2**

<b>Main Wards</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Overall</b>
<b>2017/18</b>	78.3%	84.4%	84.4%	89.0%	83.9%
<b>2018/19</b>	83.0%	80.5%	85.5%	87.7%	84.2%
<b>2019/20</b>	78.6%	80.7%	72.3%	77.0%	77.1%
<b>Critical Care</b>					
<b>2017/18</b>	83.3%	85.9%	87.7%	83.5%	85.1%
<b>2018/19</b>	79.1%	82.3%	76.6%	78.6%	79.1%
<b>2019/20</b>	76.9%	82.1%	74.4%	67.3%	75.2%
<b>CRU</b>					
<b>2017/18</b>	93.5%	81.8%	88.2%	86.2%	87.4%
<b>2018/19</b>	87.3%	93.4%	85.8%	87.7%	88.6%
<b>2019/20</b>	81.3%	67.8%	78.8%	78.7%	76.6%

**2019/20: Referral to Treatment Target**

The Walton Centre has consistently achieved its access standards during 2019/20. Table 3 represents an overview of Trust performance against national priorities in the Single Oversight Framework published by NHS Improvement.

From August 2019, the Trust has been taking part in the NHSE/I pilot to test measuring RTT performance using average wait rather than performance against 92% of pathways waiting less than 18 weeks. As part of this pilot, the Trust is not required to measure against the existing 92%.

**Table 3**

Performance Indicator	2017/18	2018/19	2019/20	2019/20
	Performance	Performance	Target	Performance
Referral to treatment time, 18 weeks in aggregate, incomplete pathways	94%	94.27%	92%	N/A
All Cancers: 62 days wait for 1st treatment from urgent GP referral to treatment	100%	100%	85%	100%
All Cancers: Maximum wait time of 31 days for second or subsequent treatment: surgery	100%	100%	94%	98.6%
All Cancers: Maximum waiting time of 31 days from diagnosis to first treatment	100%	99%	96%	100%
All Cancers: 2 week wait from referral date to date first seen	99.59%	100%	93%	98.9%
Incidence of Clostridium difficile	7	7	8	5
Compliance with requirements regarding access to healthcare for people with a learning disability	Achieved	Achieved	Achieved	Achieved

### 1.3 Environment and Sustainability

The Walton Centre will as an integral part of its commitment, ensure that its activities do not adversely impact on the environment. The Trust is currently working towards a Sustainable Development Plan and the following options are considered for minimising negative environmental and social impacts and maximising positive benefits:

- Ensuring compliance with environmental legislation
- Ensuring procurement supports the specific environmental and social objectives and targets of programmes and projects such as energy efficiency of new buildings and equipment
- Choosing suppliers from our local community first, where possible
- Ensuring materials supplied directly by contractors meet the relevant environmental guidance and that all contractor waste generated is recycled appropriately
- Ensuring that service providers have the capability to meet the technical environmental aspects of projects.

The Walton Centre has continually undertaken and monitored a number of measures during the year to reduce its impact on the environment. The Trust continues to use a confidential waste disposal service, whereby 100% of the shredded items are reproduced into other paper products. Additionally, 100% of cardboard is recycled and domestic waste recycling is maximised at the recycling centre.

In line with guidance, the Trust is actively looking to have a designated Environmental Management role functioning within the next twelve months.

In addition to this, The Walton Centre is working closely with its partners to develop sustainable plans and is currently implementing a combined Heat and Power project in collaboration with several hospitals that will deliver energy, environmental and financial savings for the Trust. Regular updates are provided to Business Performance Committee on energy consumption, water usage and waste disposal. The Trust also utilises the services of a neighbouring trust for linen and laundry services, to maximise economies of scale with regards to utility usage and emissions from transport. The Trust continues to review its approach to environment and sustainability, and will be developing a strategy early in the new financial year.

The procurement process also takes into account criteria relative to the goods/services procured and considers sustainability, social value, innovation and green initiatives.

## 1.4 Financial Review

The Trust delivered a £4,757k surplus for the financial year ending 31 March 2020. This position includes non-recurrent Provider Sustainability Funding (PSF) of £1,488k, which consists of £1,382k funding for meeting agreed financial targets during the year and £106k 'bonus and incentive' funding for achievement and over performance of the planned year end position relating to 2018/19. The position also includes a charitable donation of £200k. The Trust has continued to face significant challenges with regard to patient acuity which has required one to one therapeutic specialising care (and sometimes more), whilst the changes in taxation rules pertaining to pension arrangements has had a detrimental impact on the Trust's ability to deliver activity through additional sessions.

The creation of an internal nurse bank system during 2018/19 led to a reduction in nurse agency and overtime expenditure during the year resulting in agency expenditure being below NHSI cap, although there has been an increase in bank expenditure. The identification and delivery of recurrent efficiency savings has also proved a significant challenge for the organisation during 2019/20.

Table 4 sets out the reconciliation of the annual accounts to the Trust's Normalised Trading Surplus for the year ended 31 March 2020.

**Table 4**

	£'000
Surplus for the year per statement of comprehensive income	4,757
Normalisation adjustment: Capital donation from the Charitable Fund Prior year PSF post accounts reallocation	200 (106)
Normalised Trading Surplus (including PSF)	4,851

### Normalisation

The NHS Improvement Compliance Framework measures Trusts' performance on the underlying or normalised trading position of the Trust after allowing for the adjustment of exceptional items that are one off in nature and not related to the core routine business of the Trust.

## Revaluation of Trust Property

During 2019/20 following a review of the Trust's assets, including a revaluation of land and buildings by an independent valuer, a £572k total impairment was identified. The revaluation is a technical accounting adjustment which has no impact on the Trust's cash position (as it is a non-cash item) or its overall reported performance to NHS Improvement (as the adjustment is normalised) in the financial statements. The valuation exercise was carried out in March 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020, the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. The values in the final accounts have been used to inform the measurement of property assets at valuation. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

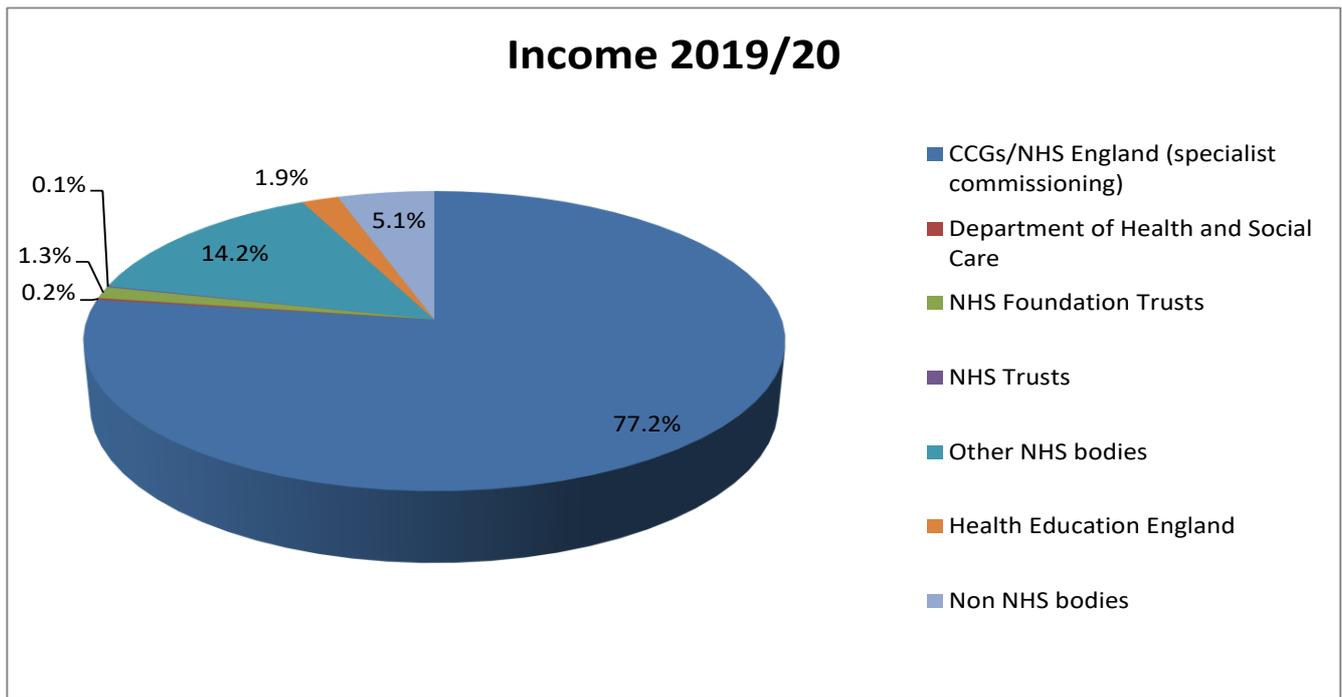
## Income

The Trust has seen income (turnover) increase by £6.1 million from the previous year (year ending 31 March 2020) which represents a 4.67% increase. The Trust receives the largest element of its income from NHS England for the provision of Specialised Prescribed Services. The Trust received £106.1 million from NHS England/CCGs in the year ending 31 March 2020, an increase of £9.5 million (9.8%) on the previous financial year. This reflects a change to national specialised tariffs plus increased acuity of patients treated by the organisation.

In addition, the Trust receives £18.9 million of income from Welsh Health Specialised Services Committee (WHSSC) for provision of services to the population of (mainly) North Wales, both through outreach clinics held within hospitals within Wales and for Welsh patients attending The Walton Centre, either as an outpatient or inpatient. This reflects an 8% increase from the previous year, which is in the main due to the application of the HRG4+ tariff as well as patient complexity and acuity.

The Trust also receives other amounts of income from different sources and these are set out in Chart 4.

**Chart 4**

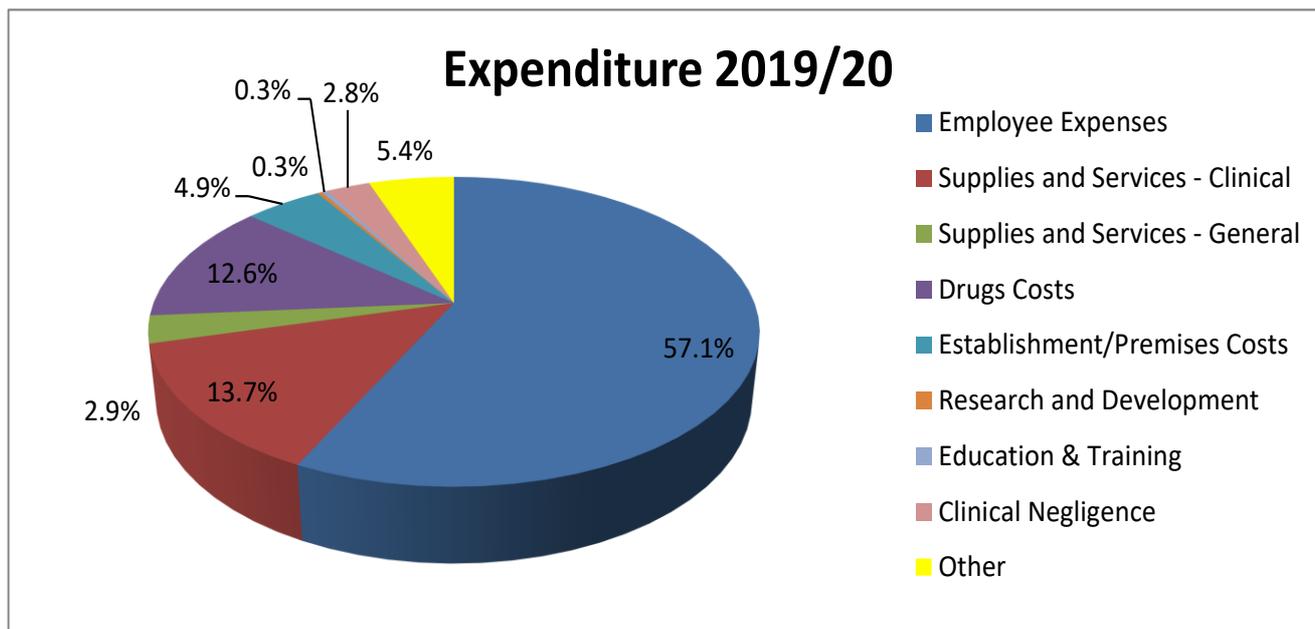


A proportion of the Trust's income in 2019/20 was conditional upon achieving quality improvement and innovation goals. The total payment received against the Commissioning for Quality and Innovation (CQUINs) in 2019/20 equalled £640,828.

### **Expenditure**

In line with the growth in income (turnover), the Trust has seen an increase in Operating Expenses of £7.1 million (5.79%) compared to the previous year. Chart 5 sets out the main components of expenditure incurred by the Trust in 2019/20.

**Chart 5**



The biggest single item of expenditure incurred by the Trust relates to employment of staff to deliver the range of services provided by the Trust. The Trust spent £74.0 million on staffing during 2019/20 which was an increase of £4.1 million (5.9%) on the previous year. There were also increases across high cost drugs and devices (£1.4m), movements in credit loss allowances (£1.0m) and Clinical Negligence Scheme for Trust (CNST) costs (£0.8m). These were offset by a reduction in Research and Development costs (£0.2m).

In order to respond to the well-publicised reductions in NHS allocations and at the same time maintain our ability to provide high quality, safe patient care and experience, the Trust implemented service improvements and efficiencies across the organisation in 2019/20. This included the establishment of a service transformation team who concentrated on 3 major areas of service transformation; outpatient efficiency, flow and theatre utilisation.

### Exit Packages

There was 1 exit package paid in 2019/20 compared to 7 in the previous year. Tables 5 - 7 show the number and value of exit packages for 2019/20 and 2018/19.

**Table 5**  
**(Subject to audit)**

Reporting of compensation schemes - exit packages 2019/20			
	Number of compulsory redundancies Number	Number of other departures agreed Number	Total number of exit packages Number
Exit package cost band (including any special payment element)			
£50,001 - £100,000	0	1	1
<b>Total number of exit packages by type</b>	<b>0</b>	<b>1</b>	<b>1</b>
Total cost (£)	£0	£55,000	£55,000

**Table 6**  
**(Subject to audit)**

Reporting of compensation schemes - exit packages 2018/19			
	Number of compulsory redundancies Number	Number of other departures agreed Number	Total number of exit packages Number
Exit package cost band (including any special payment element)			
<£10,000	0	2	2
£25,001 - 50,000	0	1	1
£50,001 - £100,000	0	4	4
<b>Total number of exit packages by type</b>	<b>0</b>	<b>7</b>	<b>7</b>
Total resource cost (£)	£0	£307,000	£307,000

**Table 7**  
**(Subject to audit)**

Exit packages: other (non-compulsory) departure payments	2019/20		2018/19	
	Payments agreed Number	Total value of agreements £000	Payments agreed Number	Total value of agreements £000
Voluntary redundancies including early retirement contractual costs	0	0	1	8
Mutually agreed resignations (MARS) contractual costs	0	0	5	244
Contractual payments in lieu of notice	1	55	1	55
<b>Total</b>	<b>1</b>	<b>55</b>	<b>7</b>	<b>307</b>
<b>Of which:</b>				
Non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months' of their annual salary	0	0	0	0

## Delivery of Efficiency (Cost Improvement Programme)

The Trust, in line with all trusts, is required to deliver recurrent efficiency savings on an annual basis as part of the delivery of the Trust's financial plan for the year. Within the financial plan set at the start of the financial year, was the requirement to deliver £2.9 million of efficiency savings to ensure the overall delivery of the control total (financial 'target' set by NHSI/E, delivery of which secures access to Provider Sustainability Funding). As at 31 March 2020, the Trust had achieved £1.4m of savings, which represents 48% of the planned level. This represents 1.1% of the Trust's operating expenses. £1.5m of recurrent savings were not delivered during 2019/20 but additional savings were found through a number of non-recurrent measures. All identified saving schemes are subject to Quality Impact Assessments (QIA) and approved by the Medical Director and Director of Nursing and Governance to ensure that there is no adverse impact on patient safety, quality or experience. The Trust changed its approach to cost improvement during 2018/19 and transitioned to a quality improvement approach to savings. In the last 6 months of 2019/20, the Trust instigated 3 major Trust wide transformation programmes which it anticipates will deliver productivity and efficiency savings in 2020/21.

## Investments in Trust Infrastructure and Equipment

The Trust spent £5.9m of capital expenditure in 2019/20. Expenditure during the year included replacement of an MRI scanner, pipework for the implementation of new heating pipes across the Trust, as well as expenditure on an equipment replacement programme and the progression of the Trust's Digital Strategy. The capital programme is guided by principles of patient safety, business continuity/service delivery and clinical developments in line with the Trust's strategy.

Table 8 sets out the major components of the Trust's capital investment expenditure programme for the year ended 31 March 2020.

**Table 8**

<b>Capital - 2019/20</b>	
<b>Division</b>	<b>£'000</b>
Estates	1,546
IM&T	1,266
Neurology	2,486
Neurosurgery	566
Corporate	32
<b>Total Capital</b>	<b>5,896</b>

## **Forward Look**

The current financial framework has been suspended between 1 April and 31 July 2020 and replaced with block funding and reimbursement arrangements, which should see no NHS organisation financially disadvantaged during this period, with appropriate costs associated with COVID-19 reimbursed. It is currently unclear what the financial framework will be post July 2020, although any assumptions made on the basis of the 2020/21 Operational Planning guidance will be fundamentally changed by the events and impacts since March 2020.

As a result of the changes to the NHS financial architecture until at least 31 July 2020, control totals/ financial trajectories have currently not been applied to NHS organisations. It is currently unclear what the financial framework will be for the rest of the financial year 2020/21.

## **Risks and Uncertainties**

There continues to be a good deal of uncertainty within the NHS and the Trust is managing several risks and issues. These can be broadly categorised into the following main headings:

- **Productivity:** ensuring the performance levels necessary to meet patient demand and continue to deliver access targets and financial plans whilst supporting the local response to COVID-19. It is anticipated that the delivery of services will have to fundamentally change to take account of social distancing requirements, PPE availability and the willingness of patients to come into hospital
- **Workforce:** recruitment, retention and succession planning of the right workforce at the right time to deliver the increase in activity as well as the increasing complexity of patients. The availability of staff is also likely to be affected by COVID-19
- **Healthcare acquired infections:** continued control of infections and management of newly emerging infections
- **Future financial framework:** at the time of writing the financial architecture for the NHS beyond July 2020 is not known. As such, it is not clear how future commissioning arrangements will work and the form future tariffs will take. This makes financial planning more difficult as well as the ability to understand any future potential efficiency requirements.

## **Financial Risks**

The main financial risks currently facing the Trust are:

- The current COVID-19 financial framework for contractual payments set by NHSI/E is based on receiving income in line with outturn for the last financial year plus 2.8% inflation. At the current time, we have a devolved administration body and a large contract where this may not be followed which could result in an income shortfall (should NHSI/E not cover).

- The current capital plans are set at Cheshire and Merseyside Health Care Partnership (C&M HCP) level. The Trust's initial capital plan has been submitted prior to the operational plan being suspended, however some additional expenditure came to light after the initial plan was submitted which would have been updated on final submission. However, given the demand at HCP level, the Trust was unable to bid for additional resource which means it may have to prioritise its investments in year (unless capital resource is freed up within the HCP during the year).



**Hayley Citrine**  
**Chief Executive Officer**  
**22 June 2020**

## Section 2 - Accountability Report

### 2.1 Directors' Report

The Board of Directors is a unitary board, which means that the both the Non-Executive Directors and the Executive Directors are jointly and severally responsible for the actions they take. In compliance with the NHS Foundation Trust Code of Governance, the Trust's Constitution provides for the composition of the Board of Directors as follows:

- A Chairman
- Up to seven Non-Executive Directors
- Up to seven Executive Directors, including the Chief Executive
- One other director (the Director of Workforce and Innovation) attends the Board in a non-voting capacity.

The Board of Directors has collective responsibility for setting the strategic direction and organisational culture; and for the effective stewardship of the Trust's affairs, ensuring that the Trust complies with its licence, constitution, mandated guidance and contractual and statutory duties. The Board of Directors must also provide effective leadership of the Trust within a robust framework of internal controls and risk management processes.

The Board of Directors approves the Trust's strategic and operational plans, taking into account the views of Governors; it sets the vision, values and standards of conduct and behaviour, ensuring that its obligations to stakeholders, including patients, members and the wider public are met. The Board is responsible for ensuring the safety and quality of services, research and education and application of clinical governance standards including those set by NHS Improvement, the CQC, NHS Resolution and other relevant bodies. The Board of Directors has a formal Schedule of Matters Reserved for Board decisions and a Scheme of Delegation. A copy of the Scheme of Reservation and Delegation is available from the Corporate Secretary.

The unitary nature of the Board of Directors means that Non-Executive Directors and Executive Directors share the same liability and same responsibility for Board decisions and the development and delivery of the Trust's strategic and operational plans. The Board of Directors delegates operational management to its executive team and has established a Board Committee structure to enable it to receive assurances that it is discharging its responsibilities. Decisions reserved for the Council of Governors as set out in statute are contained within the Trust's Constitution.

At the 31 March 2020, the following were members of the Trust's Board of Directors:

**Janet Rosser, Chair**

**Current term April 2020 to March 2023**

Janet was appointed as Chair of the Trust in April 2017. Prior to this, she was a Non-Executive Director and the Deputy Chair of the Trust. After having a family, she qualified as a lawyer in 1987 and trained with a North West firm in property and commercial law, spent some time lecturing undergraduate and post-graduate students before moving to an international law firm spending ten years in the corporate department, embedding new systems of working. She then moved on to work for a publishing house, writing and editing corporate based law books and updates. She is passionate about The Walton Centre and keen to ensure that it remains an outstanding Trust.

**Non-Executive Directors**

**Sheila Samuels, Non-Executive Director, Deputy Chair**

**Current term: 1 Sept 2018 – 31 Aug 2021**

Sheila joined the Trust in September 2015 and has a wealth of experience in public sector management and leadership. She has previously held Executive Director Board level roles in local government and the NHS. Since retiring in 2013 after 35 years public service, she has undertaken a number of consultancy assignments to support public sector and charitable organisations in addressing major organisational challenges. Sheila was appointed as Non-Executive Director in September 2015 and is currently in her second term of office.

**Seth Crofts, Non-Executive Director and Senior Independent Director**

**Current term: Nov 2019 to Oct 2020**

Seth is the Pro Vice-Chancellor and Dean for the Faculty of Health and Social Care at Edge Hill University and is also a registered nurse in both Adult and Mental Health Nursing with 33 years of nursing experience. He is an experienced leader of health care education, has worked as a reviewer for the Quality Assurance Agency for Higher Education (QAA) since 2002 and been extensively involved in working to develop professional practice in higher education. He has made a major commitment to developing graduate employability and is currently involved in developing practice in health and social care organisations, with a specific interest in developing leadership skills in senior nurses.

### **Professor Nalin Thakkar – Non-Executive Director**

**Current term: 1 Jan 2019 – 31 Dec 2022**

Professor Thakkar is Associate Vice-President and Professor of Molecular Pathology at The University of Manchester, Consultant Histopathologist at the Manchester University Hospitals NHS Foundation Trust. He has previously served as a Non-Executive Director of the Health Research Authority, member of Royal College of Pathologists' Ethics Committee and National Research Ethics Advisor.

### **Su Rai, Non-Executive Director**

**Current term: 1 Aug 2019 – 31 July 2022**

Su Rai is a Chartered Accountant in Practice and established her own firm, Raise Associates, in 2010. Previous to that Su worked with international accountancy practices. In 2012, she became a Non-Executive Director and Chair of the Audit Committee at St Helens and Knowsley Trust. Other roles have included Senior Position at KPMG and Audit Partner in Howarth Clark Whitehill and Mazars.

Su has worked with a number of charities and has held the position of Trustee with two charities involved with young people in performing arts and mental health services. Su is also a Past President of The Manchester Society of Chartered Accountants.

### **Barbara Spicer, CBE Non-Executive Director**

**Current term: 1 Jun 2019 – 31 May July 2022**

Barbara Spicer CBE is Chief Executive of Plus Dane - a housing association working across Merseyside and Cheshire providing homes for close to 30,000 people. Barbara's previous roles include a period in Westminster as interim Chief Executive of the Skills Funding Agency and before that, Chief Executive of Salford City Council, a role she held for eight years. During her time in Salford she led key developments in the city, including the bid to relocate the BBC to Salford Quays at MediaCity UK, creating a development of international significance. Barbara is Social Housing Advisor to the Metro Mayor of Liverpool City Region and was recently appointed to the Northern Housing Consortium Board.

## **Executive Directors**

### **Hayley Citrine, Chief Executive**

Hayley was appointed as Chief Executive from 1 February 2018. Prior to this, Hayley joined The Walton Centre in 2014 as Executive Director of Nursing and Quality following a role as Acting Chief Nurse in her previous organisation. In 2016, the role was extended to include operations and performance as well as nursing and quality, widening her brief. Hayley started her career in the NHS in 1985 and has worked as

Deputy Director and Associate Director of Nursing for a number of years following previous experience in a variety of clinical posts at South Manchester University Hospitals Trust, Salford Royal Foundation Trust, Warrington and Halton Hospitals Foundation Trust and East Lancashire NHS Trust. During her career she has also experienced roles in governance and general management which has added to her breadth of knowledge.

Hayley qualified in 1989 and has undertaken a wide variety of clinical training, holds three diplomas, a BA (Hons) in Health Studies and is a Master Practitioner in Neurolinguistic Programming (NLP). She has undertaken a variety of leadership development programmes through the Kings Fund, CASS Business School and NHS leadership programmes.

### **Dr Andrew Nicolson, Medical Director**

Andy completed his medical training in Manchester and neurology training mainly in the North West, before he was appointed as a Consultant Neurologist at The Walton Centre in 2005. He has a specialist interest in epilepsy, and remains part of the multidisciplinary team providing epilepsy services at the Trust. He has previously provided outreach neurology services to Liverpool University Hospitals NHS Foundation Trust (The Royal Liverpool Hospital site) and Wirral University Teaching Hospital NHS Foundation Trust (Arrowe Park Hospital site), and currently runs a community general neurology clinic in Wirral. He was Director of Medical Education 2007-13 and then Assistant Medical Director 2013-16. He was appointed as Medical Director from September 2016.

### **Mike Burns, Director of Finance and Information Technology**

Mike joined The Walton Centre in 2012 as Deputy Director of Finance after previously working for the Strategic Health Authority and Wrightington, Wigan and Leigh Foundation Trust. Prior to this he had worked in a range of sectors including consultancy, financial services, banking and retail. He qualified as a Chartered Management Accountant (CIMA) in 2001 after gaining a BSc (Hons) in Economics. Mike's portfolio includes Finance, Procurement, Information Management and Technology (IM&T) and Corporate Information. He took up the post of Director of Finance in April 2016. Mike extended his portfolio in 2018 to include Information Management and Technology.

### **Lisa Salter, Director of Nursing and Governance**

Lisa completed her nurse training at the Royal Liverpool and Broadgreen Hospital NHS Trust and worked within the Nephrology Directorate. She progressed through different roles including, Lead for Nurse Recruitment and Head of Professional Nursing. In 2009, Lisa moved to Liverpool Heart and Chest NHS Foundation Trust as Matron where she later became Assistant Director of Nursing for Patient Experience making changes for the benefit of both patients and staff.

Her final role at the Trust was Divisional Head of Nursing for Surgery and Quality before commencing her role at The Walton Centre in June 2017 as Deputy Director of Nursing and Lead Nurse for Neurosurgery.

Lisa qualified in 1994, holding a diploma in renal medicine, BSc Hons in Clinical Management and an MSc in Healthcare Leadership, the latter being as part of the NHS Leadership Academy. She has also completed several leadership and coaching programmes throughout her career to date. Lisa joined the Trust in June 2017 as Deputy Director of Nursing and was appointed Director of Nursing and Governance in May 2018, having acted into the post since February 2018. Lisa is also the Executive Lead for safeguarding, therapies, health and safety and ED&I.

### **Jan Ross, Director of Operations and Strategy**

Jan Ross was appointed to the Executive Team in January 2019 following an interim appointment period from November 2018. Jan has over 25 years' experience working in the NHS after qualifying as a nurse in 1995. She joined The Walton Centre as the Director of Operations and Strategy after gaining experience in roles at Southport and Ormskirk Hospital NHS Trust, Warrington and Halton Hospitals NHS Foundation Trust, and the Royal Liverpool and Broadgreen University Hospitals NHS Trust.

Jan holds a diploma, BA (Hons) and a post-graduate diploma in organisational change, she is a Master Practitioner in NLP and has taken part in a number of leadership development programmes, she completed the Nye Bevan programme in 2017.

Jan is the executive lead for the annual operational plan, operations and performance, the capital programme and emergency resilience and planning. Her responsibilities also include estates and facilities management, service improvement.

In addition to her portfolio Jan was appointed as Deputy Chief Executive from January 2020.

### **Mike Gibney, Director of Workforce and Innovation (Non-voting)**

Mike joined the NHS in August 2009 through the Gateway to Leadership Scheme. Prior to joining the Walton Centre he worked for 5 years in commissioning and has extensive experience in local government, including nine years in Social Services.

Mike is qualified to Masters level in Human Resource Management and a Fellow of the Chartered Institute of Personnel and Development.

At The Walton Centre his portfolio includes Human Resources, Training and Development, Communications, Fundraising, Research and, Development and Innovation.

## **Balance, Completeness and Appropriateness**

The Board of Directors considers itself to be balanced and complete, having an appropriate mix of skills and experience in the areas of finance, operational management, governance, law, commerce, education, human resources, medicine, clinical research, diagnostics and nursing. There is a clear separation of the roles of the Trust Chair and Chief Executive, which have been set out in writing and agreed by the Board of Directors.

## **Changes to Board Membership during 2019-20**

There were a number of changes to the Board during 2019/20. The following people left the Board of Directors:

- Mr Alan Sharples – term of office ended 31 July 2019
- Mrs Anne McCracken- term of office ended 31 May 2019.

The following people were appointed during 2019/20:

- Barbara Spicer was appointed with effect from 1st June 2019
- Su Rai was appointed with effect from 1st August 2019.

## **Meetings of the Non-Executive Directors**

In accordance with guidance set out in the Independent Regulator's Foundation Trust Code of Governance, arrangements have continued during the period for the Chairman and Non-Executive Directors to meet outside of Board meetings.

## **Appointment and Removal of the Trust's Chair and Non-Executive Directors**

Under the Trust Constitution, the Council of Governors has the power to appoint and remove the Chairman and the Non-Executive Directors of the Trust. Removal of the Chairman or a Non-Executive Director requires the approval of the Council of Governors. The process governing the appointment of the Trust Chairman and Non-Executive Directors is covered by the Trust's Constitution, the main details of which are set out later in this report. During the year the Nomination and Remuneration Committee of the Council of Governors met on 3 occasions to consider the extension of the term of office of Seth Crofts, the remuneration for Non-Executives, the re-appointment of the Chair and the appointment of a Deputy Chair.

Non-Executive Directors are normally appointed for 3 year terms subject to continued satisfactory performance. After serving two three year terms (6 years in total), careful consideration is given to any further re-appointment in the context of independence and objectivity. Any re-appointment beyond 6 years

is on an annual basis and governors must be satisfied that exceptional needs of the Trust (e.g. to maintain continuity of leadership) outweigh any risk around maintaining independence. It is for the Council of Governors to determine the termination of any Non-Executive Director appointment.

## Directors Register of Interests

In accordance with the Code of Governance, the Board considers that its Non-Executive Directors are independent in character and judgement.

The Trust maintains a Register of Directors' interests which is subject to annual review by the Board of Directors. Access to the register is available on line: <https://wcft.mydeclarations.co.uk/home>.

## The Board of Directors and Committees

The Board of Directors meets in public at least 8 times during the year. Table 9 shows the attendance at meetings of the Board of Directors for 1 April 2019 - 31 March 2020. There were no meetings in the months of August, December and February.

**Table 9**

Trust Board Attendance 2019-20										
Members:	Apr	May	Ext May	Jun	Jul	Sept	Ext Oct	Nov	Jan	Mar
Ms J Rosser	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr S Crofts	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms A McCracken	✓	✓								
Ms S Samuels	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr A Sharples	✓	✓	✓	✓	✓					
Ms B Spicer				✓	✓	✓	A	✓	A	✓
Ms S Rai						✓	A	✓	✓	✓
Prof N Thakkar	A	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms H Citrine	✓	✓	✓	✓	✓	✓	✓	A	✓	✓
Mr M Burns	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr M Gibney*	✓	A	✓	✓	✓	✓	✓	✓	✓	✓
Dr A Nicolson	✓	✓	✓	✓	✓	✓	A	✓	✓	✓
Ms J Ross	A	✓	✓	✓	✓	✓	A	✓	✓	✓
Ms L Salter	✓	✓	✓	✓	✓	✓	✓	A	A	✓

**KEY:** ✓ = Present    A = Apologies

\*Non-voting

The Board of Directors has established the following committees to support it in discharging its role:

- Audit Committee
- Quality Committee
- Remuneration Committee
- Business Performance Committee
- Charity Committee (for the Trust Board as Corporate Trustee)
- Neuroscience Programme Board

Each committee has formal Terms of Reference which are approved by the Board of Directors and set out the powers and functions of the committees. These Terms of Reference are subject to annual review by the relevant Committee with outcomes subsequently reported to the Board of Directors for approval. In line with the Code of Governance, details of the statutory committees of the Board of Directors are below:

### **Audit Committee**

The Audit Committee is a committee of the Board of Directors which undertakes detailed scrutiny of the Trust's governance and assurance processes on behalf of the Board of Directors. The Audit Committee is chaired by a suitably qualified Non- Executive Director (Su Rai), with the two other members being the Non-Executive Directors, Seth Crofts and Barbara Spicer.

The Audit Committee has Terms of Reference which are regularly reviewed, taking account of the NHS Audit Committee Handbook and other guidance, and approved by the Board of Directors.

The work of the Audit Committee in 2019/20 has been to review the effectiveness of the organisation and its systems of governance, risk management and internal control through a programme of work involving the scrutiny of assurances provided by internal audit, external audit, local anti-fraud officer, Trust managers, finance staff and the clinical audit team along with reports and reviews from other external bodies.

The Audit Committee has an annual cycle of business that is informed by the External Audit Plan, the Internal Audit Plan and the Anti-Fraud Plan for the Trust.

Members of the Audit Committee also hold meetings with the Trust's internal and external auditors without officers of the Trust present when it is deemed to be necessary.

### **Meetings of the Committee and Attendance**

During this period, the Committee met on five occasions, 16 April, 24 May, 16 July, 15 October 2019 and 21 January 2020.

The members of the Committee were as follows:

- Su Rai – Chair (from August 2019)
- Alan Sharples Chair (to July 2019)
- Ann McCracken (to May 2019)
- Seth Crofts
- Barbara Spicer

The Committee was also attended by the Director of Finance and IM&T, the Director of Nursing and Governance, plus representatives from the finance department, external audit, internal audit and counter fraud service providers. Other directors and other officers can also be invited to attend, particularly when the Committee is discussing an issue that is the responsibility of that director or officer.

Attendance for 2019/20 can be seen in Table 10.

**Table 10**

<b>Members Name</b>	<b>Attendance out of 5</b>
Su Rai (Chair)	2/5*
Seth Crofts	5/5
Barbara Spicer	1/5**
Alan Sharples	1/5

\*Su Rai was appointed from 1 August 2019.  
Prior to this, Alan Sharples, Non-Executive, was Chair of the Committee.  
\*\*B Spicer was appointed from 1 June 2019.

## **Overview of the Year**

The Audit Committee has kept a close watch on internal control issues this year, including the tracking of internal audit actions, to maintain the forward momentum from previous years. It is pleased to report that the Trust has maintained sound systems of governance and internal control, recognised in the Head of Internal Audit opinion.

## **Delivery of the Work Programme**

During the period of this report, the key issues considered by the Committee were as follows:

- Internal Audit and Anti- Fraud Programmes:
  - Approved a plan of work for 2019/20 and monitored delivery of the plan, including the consideration of issues and recommendations being raised by MIAA
  - Considered the Head of Internal Audit Opinion for 2018-19
  - Focussed on overdue audit recommendations to reduce the number
  - Received and reviewed outcomes of the audits and recommendations outlined in Table 11.

**Table 11**

<b>Title of Audit</b>	<b>Assessment</b>
Combined Financial Systems: o General Ledger	High Assurance
Accounts Payable	Substantial Assurance
Accounts Receivable	High Assurance
Budgetary Control	High Assurance
Treasury Management	High Assurance
Complaints	High Assurance
DPS Toolkit	Substantial Assurance
<b>Title of Audit</b>	<b>Assessment</b>
ESR (HR/Payroll Interface)	Substantial Assurance
Assurance Framework Opinion	Requirements Met
Quality Committee Effectiveness	Advisory
Quality Spot Checks Review	Moderate
Year End Forecasting	Substantial Assurance
Risk Management	Substantial Assurance
Equality Diversity and Inclusion	Substantial Assurance
Clinical Coding	Substantial Assurance
Critical Applications	Advisory
Neurophysiology e-Patient system	Limited Assurance

Where limited assurance was received, the committee invited the relevant management lead to attend the next Committee meeting to provide a progress update on recommendations.

- Anti-Fraud:
  - Approved the Anti-Fraud Plan for 2019/20
  - Monitored reactive and proactive fraud work, provided by MIAA.
- External Audit and Financial Reporting:
  - Considered and recommended the 2018/19 Annual Report and Accounts for signature
  - Monitored the timetable and delivery of the Annual Report and Accounts for 2019/20
  - Considered the Trust's Going Concern Statement
  - Received updates from the External Auditor on their work throughout the year, including key risks and management's responses to those risks and other issues raised.
- Governance:

The Committee:

  - Considered the strategic risks within the Board Assurance Framework on two occasions during 2019/20 and its alignment to the internal audit plan
  - Considered the recommendations from previous external visits/inspections and noted the outstanding actions

- Considered and recommended to the Board of Directors for approval, updated Standing Orders
- Standing Financial Instructions and Scheme of Delegation
- Received reports on losses and special payments made during the financial year
- Received reports on bad debts write offs and tender waivers
- Considered reports in relation to aged debtors
- Reviewed the Policy on Overseas Patients
- Reviewed the Disposal and Condemnation of Assets Policy
- Agreed to receive a programme of deep dives into divisional governance arrangements in quarter 2 of 2020/21
- Reviewed the Register of Interests and Gifts and Hospitality.
- Significant issues:  
The following additional significant issues have been discussed by the Audit Committee during 2019/20:
  - Valuation of property, plant and equipment
  - The Trust's going concern position
  - NHS capital
  - Increased scrutiny of auditors by the Financial Reporting Council (FRC) around financial reporting.
- Committee Matters:  
The Committee:
  - Considered the Committee's forward work programme, including the timing of activities and,
  - Reviewed the Committee's Terms of Reference making recommendations to the Trust Board for approval.

## **Review of the Work of the Auditors**

The Audit Committee undertook a review of the work of both internal and external auditors during the year, with the Audit Committee receiving a report at its July 2019 meeting, which was approved by the Committee.

The review which included a value for money assessment concluded that the 2018/19 external, internal audit and counter-fraud programmes were completed with the issue of the Head of Internal Audit opinion in April 2019, the External Auditor's Report in May 2019 and their Annual Audit Letter in July 2019.

This outcome was presented for consideration by the Council of Governors Steering Group in July 2019. Following a tender exercise in 2016, a 3 year contract was awarded to Grant Thornton UK LLP. However, this was due to finish in 2019. After consideration by the Group, it was agreed to extend this until 31 March 2021. This decision was approved by the Council of Governors in September 2019.

The fees paid for the external audit for the year ended 31 March 2019 were £57,360 (inclusive of VAT).

Grant Thornton did not provide any non-audit services to the Trust in the period 1 April to 22 June 2020 inclusive.

### **Walton Centre Charity Committee (WCCC)**

The role of the WCCC is to ensure the Charity is managed and administered in accordance with the requirements of the Charity Commission and that the Charity produces audited Annual Accounts. It ensures that the Charity has an investment policy in place; that this is reviewed at least annually and that the Committee receives at least an annual report from its investment managers/advisors.

The Committee also ensures that items of expenditure are approved in line with the objectives of the fund, are charitable in nature, and that the Charity can demonstrate public benefit for its expenditure. Through delegated authority from the Board of Directors, it establishes the strategy, policies, budget, spending priorities and criteria for spending decisions for each fund. The strategy and policies must comply with charity law and the specific objectives of each fund.

In addition, the WCCC oversees all fundraising activities relating to the Charity, ensuring that they are in line and in accordance with The Code of Fundraising Practice as overseen by the Fundraising Regulator. It develops and recommends fundraising appeals for approval by the Board of Directors in line with and support of, the Trust's strategic vision and monitors subsequent fundraising targets.

### **Well - Led**

The Trust maintains effective governance arrangements to ensure that the services it delivers are compliant with the NHSI Well-Led requirements. Following the CQC Inspection in March 2019, the Trust has developed an action plan to address any relevant recommendations. There were no formal recommendations.

### **Stakeholder Relations**

The Walton Centre Foundation Trust is part of the C&M HCP. The partnership is focussed on, improving the health of the population, and delivering care more efficiently. The Trust plans to support the delivery of the agreed Integrated Care System Priority Transformation Programmes for 2020/21, which focus on end to end clinical pathway transformation to improve care for the people of Cheshire and Merseyside and support the financial recovery of the system.

The Collaboration at Scale work stream of the C&M HCP enables partner organisations to consider any opportunities for efficiencies whilst improving patient outcomes.

The Trust also pays a subscription for its role in the LHP. The Trust's own strategy is closely aligned to the LHP vision for the role of applied health research and education and its application for better health outcomes for the region.

The Trust is part of the Cheshire and Merseyside Major Trauma Network, one of the best performing networks in England in terms of rates of survival and works with the Liverpool University Hospitals NHS Foundation Trust to ensure that more people can survive a major trauma and that the standards and quality of care are consistent across the country.

In addition to this, the Trust is part of the Cheshire and Merseyside Rehabilitation Network. The Network is a partnership between the area's specialist regional inpatient rehabilitation unit from six partner organisations that provide supportive, active and extended specialist rehabilitation care to adults following traumatic injury or serious illness to enable people to live as independently as possible by maximising their clinical outcomes.

The Trust also hosts the Cheshire and Mersey Critical Care Operational Delivery Network.

### **Income/Financial Disclosures**

The Trust has met the requirement as detailed in Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) i.e. that the Trust's income from the provision of goods and services for the purposes of the health service in England is greater than its income from the provision of goods and services for any other purposes.

The Trust receives income for the provision of health services to Wales through the Welsh Assembly Government. There is a small proportion of private patient income (0.10% of total income) and research and medical development income which are utilised to enhance the provision of the Trust's clinical services and the patient experience.

The Better Payment Practice Code required the Trust to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later. Table 12 summarises the Trust's performance in 2019/20.

**Table 12**

<b>Better Payment Practice Code - Measure of Compliance</b>		
	<b>2019/20</b>	
	<b>Number</b>	<b>£'000</b>
<b>Non-NHS Payables</b>		
Total bills paid in the year	23,934	50,831
Total bills paid within target	22,349	47,641
Percentage of Non-NHS invoices paid within target	<b>93.4%</b>	<b>93.7%</b>
<b>NHS Payables</b>		
Total bills paid in the year	1,748	31,047
Total bills paid within target	1,319	26,949
Percentage of NHS invoices paid within target	<b>75.5%</b>	<b>86.8%</b>
<b>Total</b>		
Total bills paid in the year	25,682	81,879
Total bills paid within target	23,668	74,590
Percentage of invoices paid within target	<b>92.2%</b>	<b>91.1%</b>

In 2019/20, £1,282 interest was paid by virtue of failing to pay within the 30 day period; however no additional liability to pay interest has been accrued.

The Directors confirm that the Trust complies with the public sector Better Payment Practice Code unless other agreements have been reached with Suppliers.

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

### **Disclosures to Auditors**

So far as each director is aware, there is no relevant audit information of which the Trust's auditor is unaware and the Board of Directors has taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information, and to establish that the Trust's auditor is aware of that information.

There are no material inconsistencies between the Annual Governance Statement, the Board of Directors' statements required by the Risk Assessment Framework and any CQC reviews.

### **Accounting Policies for Pensions and Other Retirement Benefits**

Accounting policies for pensions and other retirement benefits are set out in tables 15 and 16 within the Remuneration Report (section 2.2).

## **Disclosures Required under Schedule 7**

Disclosures required under schedule 7 of the large and medium sized companies and groups (accounts and reports) regulations 2008 are included in the Annual report on Remuneration (section 2.2).

## **Political Donations**

The Trust has not made any political donations.

## 2.2 Remuneration Report

The Trust has two committees that deal with remuneration:

- The Remuneration Committee – A Board Committee, comprised of all of the Trust's Non-Executive Directors, Chaired by the Trust Chair. This Committee's primary responsibilities are to approve the appointment of the Executive Directors to the Board of Directors and to review and agree the terms and conditions of those Executive Directors
- The Nomination Committee – This is a sub-committee of the Council of Governors. The purpose of this Committee is to consider the appointment of and the fees payable to, the Trust Chair and the Non-Executive Directors of the Board of Directors. In addition the Committee is responsible for setting the objectives for the Trust's Chair, taking into consideration the views of the Board of Directors, particularly the Chief Executive and the Non-Executives through the Senior Independent Director. It also receives an overview of the process of Non-Executive appraisal by the Chairman.

### **Governors' Nominations Committee**

There is also a Governors' Nominations Committee which is responsible for considering nominations and remuneration for non-executive directors. Members of the Committee during 2019/20 were:

- Janet Rosser, Trust Chair
- Colin Cheesman, Public Constituency Governor
- Barbara Strong, Public Constituency Governor
- Ella Pereira, Stakeholder Governor (Committee Chair from October 2019)
- John Kitchen, Public Governor (from October 2018)

### **Annual Statement of Remuneration**

This section of the report includes some elements that are subject to audit. The elements that are subject to audit have been individually identified.

Remuneration of Executive Directors is subject to a combination of issues, specifically the performance of the Trust and the individuals themselves. The Trust's Remuneration Committee determines the terms and conditions for Executive and Corporate Directors taking account of benchmarking reports on NHS executive salaries and conditions, and the financial circumstances relating to the Trust.

The Remuneration Committee introduced a four point scale for each of the Executive Director posts in March 2015 and salaries are determined in line with this range. To ensure that this was still appropriate, the Trust completed an independent pay review of director's salaries in June 2018 for the financial year 1 April 2018 to 31 March 2019.

Director's performance is reviewed on an individual basis through the appraisal process and an overall report is produced by the Chief Executive for the Remuneration Committee.

In 2019/20, Executive Directors received a 1.0% consolidated award, taking into account context and collective awards for other staff groups. There is a small additional payment, relating to 2019/20 that results from a national agreement that is due to be paid in July 2020.

During 2019/20, there was only one member of the Executive Directors whose salary required Treasury approval as it was more than £150,000 which is the Civil Service threshold.

Treasury guidelines were followed in relation to setting the salary for the Chief Executive for which ministerial approval was obtained on appointment. The remuneration arrangements for both Executive and Non-Executive Directors including the Trust's Chair are disclosed in this report.

During 2019/20 the Remuneration Committee met on 4 occasions and the matters it considered included the annual pay update for the Executive Directors and Chief Executive Officer, the Pension Contribution Alternative Reward Scheme and the appointment of the Deputy Chief Executive. There were no new appointments made to the Executive Management Team of the Trust. The Director of Workforce and Innovation has attended meetings of the Committee in an advisory capacity.

The Trust's Equality Diversity and Human Rights Policy is taken into account by the Committee when considering matters for decision.

Attendance for the meetings of the Remuneration Committee can be seen in Table 13.

**Table 13**

<b>Members Name</b>	<b>Attendance out of 5</b>
Janet Rosser (Chair)	5/5
Seth Crofts	5/5
Barbara Spicer	5/5
Su Rai*	4/5
Nalin Thakkar	4/5
Sheila Samuels	5/5
Alan Sharples **	1/5

\*Su Rai joined the Trust in August 2019

\*\*Alan Sharples left the Trust in July 2019.

### **Senior Managers Remuneration Policy**

In considering the remuneration of Directors, the Committee takes into account the national inflationary uplifts recommended for other NHS staff, any variation in or change to, the responsibility of Executive Directors and relevant benchmarking with other public sector posts.

The service contract for the Chief Executive and Executive Directors is the Contract of Employment. This is substantive and continues unless terminated by notice. The notice period for termination by the Trust is 6 months and for termination by the Director is also 6 months. The contract does not provide for any other payment for loss of office, but does provide for compensation for early retirement and redundancy in accordance with the provisions in section 16 of the Agenda for Change: NHS Terms and Conditions of Service Handbook.

The service contract for Non-Executive Directors is not an employment contract. Non-Executive Directors are appointed for an initial term of up to three years and are eligible to be considered for further terms of appointment up to six years. After serving two three year terms (6 years in total), careful consideration is given to any further re-appointment in the context of independence and objectivity.

All non-medical employees of the Trust including senior managers, are remunerated in accordance with the nationally agreed NHS Terms and Conditions of Employment. Medical staff are remunerated in accordance with the national Terms and Conditions of Service for Doctors and Dentists.

Executive and Corporate Directors' contracts are permanent on appointment and new appointments are subject to a period of six months' probation and are entitled to NHS redundancy payments should their posts be made redundant.

In relation to the policy on payments for loss of office for Directors, any payments would be in accordance with their terms and conditions of employment.

Unless otherwise stated, all Executive Directors are either members (or are former members) of the NHS Pension Scheme. This entitles members to a pension based on their service final pensionable salary subject to Inland Revenue limits.

None of the Non-Executive Directors are members of the NHS Pension Scheme and the Non-Executive members of the Board of Directors do not receive pensionable remuneration.

### **Annual Report on Remuneration**

Total remuneration (found in tables 15 and 16) includes salary, non-consolidated performance related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

The value derived does not represent an amount that will be received by the individual. It is a calculation that is intended to provide an estimation of the benefit being a member of the pension scheme could provide.

The pension benefit table (Table 16) provides further information on the pension benefits accruing to the individual.

### **Directors' Expenses**

Expenses claimed by Directors, in accordance with the Trust's Constitution, are tabulated in Table 14 below to the nearest £100.

**Table 14**

<b>Name</b>	<b>2019/20 (Nearest £100)</b>	<b>2018/19 (Nearest £100)</b>
M Burns	1	1
E Burraston (from 18/12/19; to 31/01/20)	0	0
H Citrine	3	0
M Gibney	8	13
S Moore (to 05/10/18)	0	3
A Nicolson	0	8
L Salter (from 01/02/18)	0	3
S Crofts	0	0
P Humphrey (to 31/12/18)	0	0
A McCracken (to 31/05/19)	0	1
J Ross (from 26/11/18)	2	0
J Rosser	1	3
S Samuels	0	0
A Sharples (to 31/07/19)	1	1
B Spicer (from 01/06/19)	0	0
S Rai (from 01/08/19)	0	0
N Thakkar (from 07/01/19)	0	0
L Vlasman (from 28/11/19; to 31/01/20)	0	0

**Fair Pay Multiple - subject to audit**

The Trust is required to disclose the relationship between the remuneration of the highest paid Director and the median remuneration of the Trust's workforce.

The median remuneration of the employees paid by The Walton Centre is £30,401 (2018/19: £29,608). The highest paid director is the Medical Director who received £186,907 remuneration (2018/19: £176,498). This is 6.2 times the median remuneration (2018/19: 6.0 times).

In 2019/20, 1 employee, a doctor, received remuneration in excess of the highest paid director (2018/19: 6 employees, all doctors). Remuneration ranged from £17,652 (2018/19: £17,460) to £187,201 (2018/19: £190,969). The lowest paid employee in 2019/20 was a band 2 administration assistant.

In relation to Table 15:

- The salaries and fees for A Nicolson include remuneration for his clinical responsibilities:
  - A Nicolson £157,572 (2018/19: £148,698)
- No directors received annual performance-related bonuses or long-term performance related bonuses in either period
- M Gibney opted back into the NHS Pension Scheme on 1 April 2019

- A contractual payment for payment in lieu of notice in 2018/19 was made for one director:
  - S Moore (£55,000), who left the Trust on 5 October 2018
- A further £6k paid to a former Director in 2018/19 due to a calculation error in relation to the original payment for loss of office made in 2016/17
- Both amounts have been included in the exit packages information in section 1.4 – Financial Review, tables 5-7
- No payments have been made to people who have previously been Directors in the Trust in either period
- H Citrine took part in a pension recycling scheme which was introduced by the Trust in 2019/20 to support staff affected by annual and lifetime allowance. The scheme enables staff to be paid the equivalent employer's contributions adjusted for employer's National Insurance contributions on receipt of evidence that they were or would be affected. Evidence was provided and a panel reviewed and confirmed the decision independently
- H Citrine receives an additional annual leave allowance in place of inflationary pay uplift.

**Table 15 (Subject to audit)**

Name	Position	1 April 2019 - 31 March 2020								1 April 2018 - 31 March 2019											
		Salary		Expense Payments (taxable)	All Pension Related Benefits		Total		Salary		Expense Payments (taxable)	All Pension Related Benefits		Total							
		£000		£	£000		£000		£000		£	£000		£000							
(Bands of £5,000)		(Nearest £100)	(Bands of £2,500)		(Bands of £5,000)		(Bands of £5,000)		(Nearest £100)	(Bands of £2,500)		(Bands of £5,000)									
Burns M	Director of Finance	125	-	130	0	37.5	-	40.0	160	-	165	115	-	120	0	40.0	-	42.5	160	-	165
Burraston E	Acting Director of Operations and Strategy (from 18/12/19 to 31/01/20)	10	-	15	0	40.0	-	42.5	120	-	125	N/A	-	N/A	N/A	N/A	-	N/A	N/A	-	N/A
Citrine H	Chief Executive	155	-	160	0	N/A	-	N/A	155	-	160	145	-	150	0	N/A	-	N/A	145	-	150
Crofts S	Non-Executive Director	10	-	15	0	N/A	-	N/A	10	-	15	10	-	15	0	N/A	-	N/A	10	-	15
Gibney M	Director of Workforce	100	-	105	0	N/A	-	N/A	100	-	105	95	-	100	0	N/A	-	N/A	95	-	100
McCracken A	Non-Executive Director (to 31/05/19)	0	-	5	100	N/A	-	N/A	0	-	5	15	-	20	500	N/A	-	N/A	15	-	20
Moore S	Director of Strategy and Planning; Director of Strategy and Planning/Deputy Chief Executive and Director responsible for Operations and Performance (from 01/02/18 to 05/10/18)	N/A	-	N/A	N/A	N/A	-	N/A	N/A	-	N/A	55	-	60	0	15.0	-	17.5	70	-	75
Nicolson A	Medical Director	185	-	190	0	65.0	-	67.5	250	-	255	175	-	180	0	0.0	-	2.5	175	-	180
Ross J	Acting Director of Operations and Strategy (from 26/11/18); Director of Operations and Strategy (from 01/01/19); Acting Chief Executive (from 18/12/19 to 31/01/20)	105	-	110	0	32.5	-	35.0	140	-	145	35	-	40	0	17.5	-	20.0	50	-	55
Rosser J	Chair	45	-	50	1,500	N/A	-	N/A	45	-	50	40	-	45	3,000	N/A	-	N/A	45	-	50
Salter L	Acting Director of Nursing (from 01/02/18); Director of Nursing and Governance (from 24/05/18)	105	-	110	0	50.0	-	52.5	155	-	160	95	-	100	0	30.0	-	32.5	130	-	135
Samuels S	Non-Executive Director	10	-	15	400	N/A	-	N/A	10	-	15	10	-	15	400	N/A	-	N/A	10	-	15
Sharples A	Non-Executive Director (to 31/07/19)	5	-	10	500	N/A	-	N/A	5	-	10	15	-	20	1,200	N/A	-	N/A	15	-	20
Spicer B	Non-Executive Director (from 01/06/19)	10	-	15	0	N/A	-	N/A	10	-	15	N/A	-	N/A	N/A	N/A	-	N/A	N/A	-	N/A
Rai S	Non-Executive Director (from 01/08/19)	5	-	10	0	N/A	-	N/A	0	-	0	N/A	-	N/A	N/A	N/A	-	N/A	N/A	-	N/A
Thakkar N	Non-Executive Director (from 07/01/19)	10	-	15	0	N/A	-	N/A	10	-	15	0	-	5	0	N/A	-	N/A	0	-	5
Vlasman L	Acting Director of Nursing and Governance (from 28/11/19 to 31/01/20)	15	-	20	0	87.5	-	90.0	165	-	170	N/A	-	N/A	N/A	N/A	-	N/A	N/A	-	N/A

**Table 16 (Subject to audit)**

Name	Position	Real Increase in Pension at Pension Age			Real Increase in Pension Lump Sum at Pension Age			Total Accrued Pension at Pension Age at 31 March 2020			Lump Sum at Pension Age Related to Accrued Pension at 31 March 2020			Cash Equivalent Transfer Value at 31 March 2020	Real Increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2019	Employer's Contribution to Stakeholder Pension
		(Bands of £2,500)			(Bands of £2,500)			(Bands of £5,000)			(Bands of £5,000)			£'000	£'000	£'000	£'000
Burns M	Director of Finance	2.5	-	5	0.0	-	2.5	20.0	-	25.0	0.0	-	5.0	307	39	261	0
Burraston E*	Acting Director of Operations and Strategy (from 18/12/19 to 31/01/20)	0.0	-	2.5	0.0	-	2.5	15.0	-	20.0	25.0	-	30.0	207	0	0	0
Citrine H	Chief Executive	0.0	-	2.5	0.0	-	2.5	45.0	-	50.0	140.0	-	145.0	854	0	854	0
Gibney M	Director of Workforce	0.0	-	2.5	0.0	-	2.5	50.0	-	55.0	0.0	-	5.0	801	0	801	0
Nicolson A	Medical Director	2.5	-	5	2.5	-	5	40.0	-	45.0	90.0	-	95.0	729	74	640	0
Ross J*	Acting Director of Operations and Strategy (from 26/11/18); Director of Operations and Strategy (from 01/01/19); Acting Chief Executive (from 18/12/19 to 31/01/20)	0.0	-	2.5	0.0	-	2.5	30.0	-	35.0	70.0	-	75.0	563	42	508	0
Salter L	Acting Director of Nursing (from 01/02/18); Director of Nursing and Governance (from 24/05/18)	2.5	-	5	2.5	-	5	35.0	-	40.0	90.0	-	95.0	678	57	606	0
Vlasman L*	Acting Director of Nursing and Governance (from 28/11/19 to 31/01/20)	0.0	-	2.5	0.0	-	2.5	20.0	-	25.0	50.0	-	55.0	358	0	0	0

- H Citrine and M Gibney opted out of the NHS Pension Scheme on the 31 January 2018.
- M Gibney opted back into the NHS Pension Scheme on the 1 April 2019.
- The total accrued pension, lump sum and cash equivalent transfer values represent the total value for each Director. The real increases have been adjusted for directors not in post throughout the period to reflect only the increase attributable to their role as a Director (marked\*).

A handwritten signature in cursive script, reading "Hayley Citrine".

**Hayley Citrine**  
**Chief Executive Officer**  
**22 June 2020**

## 2.3 Staff Report

### Staff Analysis

The biggest single item of expenditure incurred by the Trust relates to employment of staff to deliver the range of services provided by the Trust. The Walton Centre spent £74.0 million on staffing during 2019/20 which was an increase of £4.1 million (5.9%) on the previous year. Much of this was due to the national increase in employer pension contributions that was introduced during 2019/20 and national pay awards. However, as noted earlier in the report, some of the increased costs also related to patient acuity and the necessity of delivering more therapeutic specialising. The average number of whole time equivalent (WTE) staff has increased by 13 from the previous year (of which there has been a fall of 13 permanent and increase of 26 temporary staff). The majority of the increase is due to the volume of temporary bank nursing staff used by the Trust.

Tables 17 and 18 show staff costs and average number of employees for 2018/19 and 2019/20.

**Table 17 – subject to audit**

Staff costs	Group			Foundation Trust		
	Permanent £000	Other £000	Total £000	Permanent £000	Other £000	Total £000
<b>2019/20</b>						
Salaries and wages	54,613	1,301	55,914	54,613	1,301	55,914
Social security costs	5,385	0	5,385	5,385	0	5,385
Apprenticeship levy	258	0	258	258	0	258
Employer's contributions to NHS pension scheme	9,042	0	9,042	9,042	0	9,042
Pension cost - other	48	0	48	48	0	48
Termination benefits	57	0	57	57	0	57
Temporary staff	0	4,182	4,182	0	4,182	4,182
NHS charitable funds staff	164	0	164	0	0	0
<b>Total staff costs</b>	<b>69,567</b>	<b>5,483</b>	<b>75,050</b>	<b>69,403</b>	<b>5,483</b>	<b>74,886</b>
<b>Of which</b>						
Costs capitalised as part of assets	(706)	(190)	(896)	(706)	(190)	(896)
<b>Staff costs</b>	<b>68,861</b>	<b>5,293</b>	<b>74,154</b>	<b>68,697</b>	<b>5,293</b>	<b>73,990</b>
<b>2018/19</b>						
Salaries and wages	53,944	1,370	55,314	53,944	1,370	55,314
Social security costs	5,089	0	5,089	5,089	0	5,089
Apprenticeship levy	257	0	257	257	0	257
Employer's contributions to NHS pension scheme	6,040	0	6,040	6,040	0	6,040
Termination benefits	307	0	307	307	0	307
Temporary staff	0	3,522	3,522	0	3,522	3,522
NHS charitable funds staff	155	0	155	0	0	0
<b>Total staff costs</b>	<b>65,792</b>	<b>4,892</b>	<b>70,684</b>	<b>65,637</b>	<b>4,892</b>	<b>70,529</b>
<b>Of which</b>						
Costs capitalised as part of assets	(628)	0	(628)	(628)	0	(628)
<b>Staff costs</b>	<b>65,164</b>	<b>4,892</b>	<b>70,056</b>	<b>65,009</b>	<b>4,892</b>	<b>69,901</b>

**Table 18 – subject to audit**

Average number of employees (WTE basis)						
	Group			Foundation Trust		
	Permanent Number	Other Number	Total Number	Permanent Number	Other Number	Total Number
<b>2019/20</b>						
Medical and dental	183	3	186	183	3	186
Administration and estates	331	17	348	328	17	345
Healthcare assistants and other support staff	204	54	258	204	54	258
Nursing, midwifery and health visiting staff	397	25	422	397	25	422
Scientific, therapeutic and technical staff	234	1	235	234	1	235
<b>Total average numbers</b>	<b>1,349</b>	<b>100</b>	<b>1,449</b>	<b>1,346</b>	<b>100</b>	<b>1,446</b>
<b>Of which:</b>						
Number of employees (WTE) engaged on capital projects	18	3	21	18	3	21
<b>2018/19</b>						
Medical and dental	177	5	182	177	5	182
Administration and estates	335	2	337	332	2	334
Healthcare assistants and other support staff	204	52	256	204	52	256
Nursing, midwifery and health visiting staff	414	14	428	414	14	428
Scientific, therapeutic and technical staff	232	1	233	232	1	233
<b>Total average numbers</b>	<b>1,362</b>	<b>74</b>	<b>1,436</b>	<b>1,359</b>	<b>74</b>	<b>1,433</b>
<b>Of which:</b>						
Number of employees (WTE) engaged on capital projects	14	0	14	14	0	14

## Staff Profile

On the 31 March 2020, the Trust employed whole time equivalents made up of the following groups in Table 19.

**Table 19**

Staff Group	Headcount	FTE
Add Prof Scientific and Technic	53	46.02
Additional Clinical Services	234	208.14
Administrative and Clerical	383	347.72
Allied Health Professionals	176	155.94
Estates and Ancillary	15	11.29
Healthcare Scientists	31	28.80
Medical and Dental	139	132.25
Nursing and Midwifery Registered	420	385.97
<b>Grand Total</b>	<b>1,451</b>	<b>1,316.14</b>

## Workforce Diversity

On 31 March 2020, the Board of Directors comprised of:

- Two male and four female Non-Executive Directors (including the Trust's Chair)
- Three male and three female Executive and Corporate Directors.

Tables 20 - 27 represents the diversity of the Trust's workforce as a whole as of 31 March 2020. Total percentages have been rounded to the nearest whole number.

**Table 20 Gender**

Gender	Headcount	Percentage
Female	1117	76.98%
Male	334	23.02%
Grand Total	1451	100.00%

**Table 21 Age**

Age Range	16-20	21-25	26-30	31-35	36-40	41-45	46-50	51-55	56-60	61+	Grand Total
Female	3	74	155	154	139	122	127	129	127	87	1117
Male	4	20	34	55	41	44	53	35	30	18	334
Grand Total	7	94	189	209	180	166	180	164	157	105	1451

**Table 22 Ethnicity**

Ethnicity	Headcount	Percentage
A White - British	1233	84.98%
B White - Irish	22	1.52%
C White - Any other White background	42	2.89%
CP White Polish	1	0.07%
CY White Other European	2	0.14%
E Mixed - White & Black African	3	0.21%
F Mixed - White & Asian	2	0.14%
G Mixed - Any other mixed background	5	0.34%
H Asian or Asian British - Indian	67	4.62%
J Asian or Asian British - Pakistani	4	0.28%
K Asian or Asian British - Bangladeshi	1	0.07%
L Asian or Asian British - Any other Asian background	10	0.69%
LH Asian British	1	0.07%
LK Asian Unspecified	1	0.07%

<b>Ethnicity</b>	<b>Headcount</b>	<b>Percentage</b>
M Black or Black British - Caribbean	1	0.07%
N Black or Black British - African	22	1.52%
P Black or Black British - Any other Black background	1	0.07%
S Any Other Ethnic Group	19	1.31%
SC Filipino	1	0.07%
Z Not Stated	13	0.90%
Grand Total	1451	100.00%

**Table 23 Religion**

<b>Religion</b>	<b>Headcount</b>	<b>Percentage</b>
Atheism	152	10.48%
Buddhism	5	0.34%
Christianity	906	62.44%
Hinduism	28	1.93%
Not Disclosed	143	9.86%
Islam	23	1.59%
Judaism	1	0.07%
Other	103	7.10%
Unspecified	90	6.20%
Grand Total	1451	100.00%

**Table 24 Disability**

<b>Disability</b>	<b>Headcount</b>	<b>Percentage</b>
No	1100	75.81%
Not Declared	47	3.24%
Unspecified	264	18.19%
Yes	40	2.76%
Grand Total	1451	100.00%

**Table 25 Sexuality**

<b>Sexual Orientation</b>	<b>Headcount</b>	<b>Percentage</b>
Bisexual	11	0.76%
Gay or Lesbian	24	1.65%
Heterosexual or Straight	1208	83.25%
Not Disclosed	99	6.82%
Undecided	1	0.07%
Unspecified	108	7.44%
Grand Total	1451	100.00%

**Table 26 Marriage and Civil Partnership**

<b>Marital Status</b>	<b>Headcount</b>	<b>Percentage</b>
Civil Partnership	18	1.24%
Divorced	80	5.51%
Legally Separated	9	0.62%
Married	644	44.38%
Single	636	43.83%
Unknown	39	2.69%
Unspecified	16	1.10%
Widowed	9	0.62%
Grand Total	1451	100.00%

**Table 27 Staff Groups**

<b>Staff Group</b>	<b>Headcount</b>	<b>Percentage</b>
Add Prof Scientific and Technic	53	3.65%
Additional Clinical Services	234	16.13%
Administrative and Clerical	383	26.40%
Allied Health Professionals	176	12.13%
Estates and Ancillary	15	1.03%
Healthcare Scientists	31	2.14%
Medical and Dental	139	9.58%
Nursing and Midwifery Registered	420	28.95%
Grand Total	1451	100.00%

**Staff Policies and Actions Applied in the Financial Year**

In order to ensure a professional code of conduct in relation to the management of Trust contracts and business relationships, the Trust has in place a Supplier's Representative's Policy in which all Trust staff and suppliers are expected to abide by.

The Trust has set its own vision to improve equality, diversity and inclusion (ED&I) for both patients and staff. This is an example of the Trust going beyond statutory duties and compliance in its commitment to ED&I. The vision has come from both staff and patients sharing what good practice looks like and how we will know when we have achieved it. Supported by a detailed strategic action plan, the vision is now being delivered by the Operational ED&I Group who are held to account by the ED&I Steering Group. The work is monitored through the Quality Committee with an annual review of the vision and action plan progress, in the same manner that the Quality and Patient Strategy is currently monitored. This vision is guiding the Trust towards making systematic improvements around ED&I this year and in coming years. The Trust has:

- Participated in the NHS Employers Partners Programme
- Renewed its charter mark and participation in the Department for Work and Pensions' Disability Confident Employer Scheme
- Successfully completed reassessment for the lesbian, gay, bisexual and transgender (LGBT+) competent Navajo Chartermark
- Become a member of the Navajo Health Sub-group to tackle health inequalities for LGBT+ patients, and now has staff trained and approved as Navajo Assessors to share good practice in terms of LGBT+ accessibility
- Continued to work with its ED&I Champions, who are staff volunteers committed to making ED&I a priority. We want to be a workplace that inspires leadership at all levels, with all staff, where everyone's voice is heard.

### **Workforce Disability Equality Standards**

2019 marked the first time the Trust took part in the NHS Workforce Disability Equality Standard (WDES). WDES is designed to improve workplace experience and career opportunities for disabled people working, or seeking employment in the NHS. The WDES follows the NHS Workforce Race Equality Standard (WRES) as a tool and an enabler of change. The WDES is a series of evidence-based metrics that will provide NHS organisations with a snapshot of the experiences of their disabled staff in key areas. By providing comparative data between disabled and non-disabled staff, the information can be used to understand where key differences lie; and will provide the basis for the development of action plans enabling organisations to track progress on a year by year basis.

The WDES is based on ten evidence-based metrics which took effect from 1 April 2019. The data is taken from the 2018/19 financial year. The WDES is mandated in the NHS Standard Contract to enable comparisons to be made between NHS trusts. The Trust's WDES metrics data was reported to NHS England via the completion of the WDES online reporting form prior to the deadline of the 1 August 2019. There was 1414 staff members employed within the organisation. Of those, the proportion of staff recorded as disabled on the Electronic Staff Record (ESR) system was 43 (3.14%). This compares with a (3%) average measured from trust's ESR records across England. The total number of respondents to the Walton Centre Staff Survey was 740 (52.33%) as measured against the total of all staff employed at the Trust (1414). Of the 740 staff that responded, 134 (18.11%) were disabled and 606 (81.89%) were non-disabled. This data and the full report is also published on The Walton Centre website: <https://www.thewaltoncentre.nhs.uk/175/equality-anddiversity.html>

## **Equality, Diversity and Inclusion Training for Staff**

The Trust carries out mandatory Equality, Diversity and Human Rights training for all new starters which is refreshed on a three yearly basis. In addition to this, the Trust commissioned specialist external ED&I trainers to deliver training sessions on unconscious-bias and micro aggressions in November 2019 thus ensuring that all Trust staff are maintaining awareness of equality and that they remain up to date with changes in legislation. Further ED&I training is planned to include specific training for managers.

## **Cultural Ambassadors Programme**

The Trust has continued to support the Cultural Ambassador Programme having recruited some of our Black and Minority Ethnic (BAME) staff to receive training to be able to support colleagues through various Human Resources processes to ensure fairness e.g. disciplinary, grievance and capability processes. The Trust has however, comparatively few grievances involving BAME staff, so actions to potentially widen the programme out into supporting fairness in recruitment processes have been explored via talks with unions and colleagues from the C&M HPC. In advance of launching the expanded programme, the Trust's Equality and Inclusion Lead currently performs the function of advising on fairness in recruitment by participating in the recruitment processes for senior leaders at the Trust.

## **Navajo Chartermark and Disability Confident Employer**

The Trust is building on its continued participation in the Navajo Chartermark scheme which is a signifier of good practice, commitment and knowledge of the specific needs, issues and barriers facing LGBT+ people in Merseyside. The Trust has continued to participate as a member of the Navajo Health Sub-group which specifically addresses health inequalities for the LGBT+ community. The Trust also supports the spreading of good practice by participating in Navajo assessing of other local organisations. In addition, the Trust has successfully introduced the NHS Rainbow badge initiative which encourages staff to pledge their support for LGBT+ equality and provides a visible welcome at the Trust for LGBT+ patients, visitors and fellow staff. Approximately 750 staff have committed to make the NHS Rainbow Badge pledge in support of LGBT+ equality.

## **Department for Work and Pensions (DWP) Disability Confident Employer Scheme**

The Trust has continued to participate in the Department for Work and Pensions' (DWP) Disability Confident Employer Scheme which commits the Trust to take positive actions to ensure that we have equitable and accessible recruitment processes relating to disability. The Trust has now achieved DWP Disability Confident Level 2 which is one of the Trust's objectives for this year around equality.

## **Gender Pay Gap**

The Trust has again met its gender pay gap reporting obligations and the results are published on the Trust's website [Gender Pay Gap Report](#)

Despite the majority of the workforce being female, a high proportion of the Trust's senior medical roles are filled by men. In addition to this, the high value of Clinical Excellence Awards is causing a huge variation of bonus pay as these are primarily awarded to males, whereas local awards, which are much lower in value, are more likely to be awarded to females as the majority of the workforce. This is consequently leading to a high pay gap. The findings do however reflect small improvement on the pay by gender for the previous financial years (findings as at 31 March 2017 and 2018 respectively).

The Trust has taken note of the results and has made use of the data to inform action planning aimed at closing the gender pay gap.

## **Workforce Race Equality Standard**

The WRES requires trust's to demonstrate progress against nine indicators of workforce race equality. The indicators focus upon Board of Directors level representation and differences between the experience and treatment of White and BAME staff. In addition to producing and publishing the WRES PDF template and action plan on the Trust website and intranet, the Trust has also been required to submit a return via the NHS England's Strategic Data Collection Service system to enable further comparisons to be made between NHS trusts.

Of the nine WRES indicators, the Trust is making clear progress on eight of these. The only indicator that is not as positive is indicator one, which shows a complex picture in terms of the pay bands that BAME staff are at in the organisation and where they work in the Trust. The Walton Centre remains broadly representative in terms of the overall numbers of BAME staff but numbers have fallen slightly and work will need to be done both to ensure that the Trust remains broadly representative and to make BAME representation more equal across the higher pay bands. As at 31 March 2019, there were a total of 1414 members of staff employed within the organisation. Of this total, the number of BAME staff employed was 133 (9.41%). In March 2018, the total BAME staff recorded was 181 and the total White staff recorded was 1217. In 2019, the total BAME Staff recorded was 133 and the total White staff recorded was 1267. This indicates that between the 31 March 2018 and the 31 March 2019, the recorded total White workforce had risen by 50 staff. It also indicates that in the same period, the recorded BAME workforce had decreased by a total of 48 staff. This reporting period covers 1 April 2018 to 31 March 2019. The 2017 and 2018 WRES

reports are also available on The Walton Centre website <https://www.thewaltoncentre.nhs.uk/175/equality-and-diversity.html>

### **Reciprocal Mentoring**

The Trust has completed a second round of the Reciprocal Mentoring programme. This has been established in conjunction with two other local trusts with the aim of tackling the disproportionately low numbers of BAME staff in non-medical senior leadership roles by supporting BAME staff to further their development, whilst also improving the senior leaders understanding of what it means to be a BAME employee within the Trust. 2019 participation was 5 BAME staff and 5 senior leaders. On completion of the evaluation of this year's programme, the Trust will explore the possibility of extending reciprocal mentoring to include disabled staff.

### **Equality Delivery System**

The Trust's Equality Delivery System (EDS 2) review for 2019 has been undertaken and published on the Trust's website within the Public Sector Equality Duty, Diversity and Inclusion Annual Report 2019. The Trust did not seek to increase its grades on any of the sub-goals in 2019 as the emphasis for the 2019 EDS 2 had been the work that the Trust had been undertaking with other Merseyside trusts to focus on improving areas which are identified as real barriers by organisations who represent the views of people within each protected characteristic. This approach will enable real progress to be made in areas that make a measurable difference whilst continuing to support the Trust with its duties under the Public Sector Equality Duty.

### **Equality Impact Analysis**

The Equality Impact Assessments/Analysis (EIAs) are undertaken by the Trust in relation to all relevant policies, procedures, strategies and papers that go before the Board of Directors in compliance with the Public Sector Equality Duty (PSED) under the Equality Act 2010, and in line with the Brown Principles which help the Trust to guarantee compliance by providing guidance on the levels of evidence required for the Trust to prove that it has given due regard to the PSED. Also, the Trust's Equality and Inclusion Lead continues to offers advice and support to managers on the completion of EIAs.

## Engagement

Relationships with local Healthwatch groups have been further strengthened, with The Trust securing Healthwatch Wirral participation in the C&M HCP, ED&I Steering Group. This is in addition to the ongoing participation with Healthwatch Liverpool in the ED&I Steering Group.

Further details relating to ED&I and the relevant documents mentioned above are available on the Trust's website <https://www.thewaltoncentre.nhs.uk/175/equality-and-diversity.html>

## Occupational Health

The Trust continues to support a programme of health and wellbeing initiatives for staff and is continually looking to develop and expand these. Staff health and wellbeing days take place each year and the Trust regularly takes on board staff feedback and reviews its offers to staff. A back care programme introduced in 2016 to support staff with musculoskeletal conditions has continued to expand and develop.

The Trust's Health and Wellbeing Occupational Health Service continues to be provided by a service level agreement with Liverpool University Hospitals NHS Trust with key performance indicators monitored via quarterly review meetings. This year, the Trust has had a very successful flu campaign, which was a collaboration between the Trust and Occupational Health Service. Following a tendering process, the Trust's onsite counselling service is provided by the Network of Staff Supporters (NOSS). Staff can access the service themselves or via their manager.

Table 28 shows sickness absence to be updated at the end of the Financial Year

**Table 28**

<b>Staff Sickness Absence</b>	<b>2017/18</b>	<b>2018/19</b>
Days Lost (Long Term)	19,634	18,628
Days Lost (Short Term)	8,443	7,714
Total Days Lost	28,077	26,342
Average Staff Service Years	6.9	7.1
Average Calendar Days Lost	15.3	15.2
Total Staff Employed in Period (Headcount)	1425	1424
Total Staff Employed in Period with No Absence (Headcount)	551	607
Percentage Staff with No Sick Leave	38.67%	42.63%

## **Number of Individuals Who Retired Early on ill-health Grounds during the Period of Reporting**

During the period 1 April 2019 to 31 March 2020 there was one early retirement from the Trust on the grounds of ill-health.

## **Health and Safety**

The total number of Reporting of Injuries Diseases and Dangerous Occurrences Regulations (RIDDOR) reportable accidents sent to the Health and Safety Executive during 2019/20 was 16 compared to 10 in 2018/19.

## **Emergency Preparedness Resilience and Response (EPRR)**

As a specialist trust, The Walton Centre is classified as a Category 1 (primary responder) under the Civil Contingencies Act (CCA) 2004. As a part of the Major Trauma Centre, the Trust is at the core of emergency response and is subject to the following set of civil protection duties:

- Assess the risk of emergencies occurring and use this to inform contingency planning
- Put in place emergency plans
- Put in place business continuity management arrangements
- Put in place arrangements to make information available to the public about civil protection matters and maintain arrangements to warn, inform and advise the public in the event of an emergency
- Share information with other local responders to enhance co-ordination
- Co-operate with other local responders to enhance co-ordination and efficiency.

The NHS England Core Standards for EPRR are the minimum standards which NHS organisations and providers of NHS funded care must meet. The Trust is required to follow the EPRR framework and delivery of the NHS England Core Standards. These are the minimum standards which NHS organisations and providers of NHS funded care must meet and provide assurance around EPRR to the Commissioning Board. In 2019/20 the Trust has continued to invest both time and resources in its emergency preparedness, resilience and response. The 2019/20, self-assessment against the NHS England Core Standards shows that, of the 51 applicable standards, the Trust is fully compliant.

In 2019/20, the Trust's EPRR arrangements were revised taking into account the learning from:

- The Trust's major incident exercise
- A number of business continuity internal incidents
- The preparations for a no deal Brexit
- The ongoing global COVID-19 pandemic response.

This learning has resulted in a clear improvement of the Trust's emergency preparedness arrangements as demonstrated by:

- The Trust achieving full compliance against NHS England's core standards for EPRR
- The Deputy Chief Executive, Head of Risk and heads of departments implementing the Trust's response to a Brexit no deal
- The rapid implementation of the Trust's Major Incident Plan in response to the National COVID-19 pandemic
- The invocation of the Trust's Business Continuity Plans (BCP) Phase 1 Response. Note: Phase 1 establishes the Trust's strategic, tactical and operational incident response which is underpinned by a structured command and control model in line with the NHS England EPRR Framework - as the first wave of COVID-19 has peaked (at the time of publication), this provides the Trust with an opportunity to move into Phase 2 and 3 of the BCP which is Recovery and Restoration using the lessons learnt from Phase 1, albeit with a number of challenges posed from the current requirements for social distancing
- The training of:
  - 22 staff to facilitate the fit testing of FFP3 personal protective equipment (PPE) masks
  - 4 decision loggists, to ensure the incident co-ordination centre (ICC) is effectively staffed and key decisions logged
  - Divisional operational managers, to act up as Tactical Managers to support the Tactical COVID-19 response, in order to free up senior nursing managers
- Investment in ICC to provide equipment including; handheld radios, laptops/PCs, televisions and telephones
- Regular post incident debriefing
- Utilising the learning from internal and external incidents to improve incident plans and inform the resilience training programme
- Continued review and testing of business continuity plans.

A new EPRR work programme for 2020/21 will be overseen by the Trust's Resilience Planning Group. This will enable the Trust to achieve full compliance against all of NHS England's core standards for EPRR in 2020/21.

Carbon Reduction Plans are in place and the Trust has undertaken risk assessments in accordance with the Emergency Preparedness and Civil Contingency requirements as based on UK Climate Impacts Programme 2009 weather projects. The Trust is compliant with its obligations under the Climate Change Act and the Adaptation Reporting requirements.

## Staff Survey

The 2019 survey was distributed to all Trust staff between September and November 2019.

The Staff Survey is an important annual strand in the organisation's overall approach to staff engagement.

Other elements include:

- Established staff communications and engagement methods including a daily Trust-wide safety huddle, Chief Executive huddle, weekly email bulletin to all staff, Walton Weekly; plus a monthly team brief meeting for all heads of department which is led by the Chief Executive
- Quarterly clinical senates draw together clinicians to discuss clinical issues and are well attended from all specialties
- Quarterly staff listening weeks/health and wellbeing days
- Participation in Staff Friends and Family Test
- Regular Executive/Non-Executive Walkabouts.

The Walton Centre had 622 staff take part in this survey with a response rate of 46% of all staff against a national average of 58% for specialist trusts in England.

A comparison of results year on year can be seen in Table 29.

**Table 29**

	2019		2018		2017	
	Trust	Benchmark Group	Trust	Benchmark Group	Trust	Benchmark Group
Equality, diversity and inclusion	9.3%	9.2%	9.4%	9.3%	9.3%	9.3%
Health and Wellbeing	6.5%	6.3%	6.5%	6.3%	6.6%	6.3%
Immediate Managers	7.3%	7.1%	7.0%	7.0%	7.0%	7.0%
Morale	6.6%	6.4%	6.4%	6.3%	-	-
Quality of Appraisals	5.7%	5.8%	5.4%	5.7%	5.5%	5.5%
Quality of Care	7.9%	7.9%	7.8%	7.9%	7.8%	7.8%
Safe Environment – bullying and harassment	8.4%	8.3%	8.3%	8.2%	8.4%	8.4%
Safe Environment – violence	9.2%	9.8%	9.2%	9.8%	9.2%	9.7%
Safety Culture	7.7%	7.0%	6.8%	6.9%	6.9%	6.9%
Staff Engagement	7.6%	7.5%	7.4%	7.4%	7.5%	7.4%
Team Working	7.1%	6.9%	6.8%	6.9%	7.0%	6.8%

The findings for the 2019 survey are arranged under eleven themes:

- Equality, Diversity and Inclusion
- Health and Wellbeing
- Immediate Managers
- Morale
- Quality of Appraisals
- Quality of Care
- Safe Environment - bullying and harassment
- Safe Environment - violence
- Safety Culture
- Staff Engagement
- Team Working

There has been no statistically significant change in nine of the eleven themes this year, with two themes 'Immediate Managers' and 'Safety Culture', indicating that the 2019 score is significantly higher than the 2018 score.

In the following 9 themes the Trust scored either better (in 7 themes) or the same as (in 2 themes) the national average:

- Equality, Diversity and Inclusion - **better than national average**
- Health and Wellbeing - **better than national average**
- Immediate Managers – **better than national average**
- Morale - **better than national average**
- Quality of Care - **same as national average**
- Safe Environment - bullying and harassment - **better than national average**
- Staff Engagement – violence - **better than national average.**
- Safety Culture - **same as national average**
- Team Working- **better than national average.**

In the following 2 themes the Trust had the best score in its benchmarking group:

- Morale
- Team Working.

In the following 2 themes the Trust's score was slightly worse than the national average:

- Quality of Appraisals - all 4 questions were below the national average
- Safe Environment - violence - all 3 questions were below the national average.

Some key highlights of the 2019 survey are as follows:

- Has your employer made adequate adjustments to enable you to carry out your work? - increase from 74.6% in 2018 to 86.7% in 2019 - best score in the benchmarking group
- Does your organisation take positive action on health and wellbeing? - increase from 48.7% in 2018 to 50% in 2019 - best score in benchmarking group for the fifth consecutive year
- The support I get from my immediate manager - increase from 70.7% in 2018 to 78.6% in 2019 - best score in benchmarking group
- My immediate manager values my work - increase from 70.9% in 2018 to 78.4% in 2019 - best score in benchmarking group
- In the last 12 months, how many times have you personally experienced harassment, bullying or abuse at work from managers? - decreased from 8.4% in 2018 to 7.2% in 2019 - best score in benchmarking group
- I am able to make suggestions to improve the work of my team/department - increase from 76.9% in 2018 to 80.9% in 2019 - best score in benchmarking group.

An action plan has been developed to address issues relating to all of the eleven themes.

Whilst the results of the Staff Survey are variable, it is important to recognise that they are mainly positive in nature.

### **Future Priorities and Actions**

The Trust's response will concentrate upon staff appraisal, violence towards staff and the underpinning need to look at pressure of time and staff's perception of the care they provide. The areas of concern will be targeted in our various staff engagement events over the coming 12 months. It is important to note that the Staff Engagement Action Plan will be refreshed in partnership with Staff Side and approved/monitored at Staff Partnership Committee.

### **Workforce Wellbeing**

The Walton Centre's health and wellbeing work is directed by the Staff Experience Action Plan. This annual document is informed by the results of the national NHS Staff Survey, and year-round staff engagement comprising of face to face sessions and regular surveys. Quarterly Staff Listening Weeks give staff the opportunity to share their feedback about working at The Walton Centre. Each Listening Week has a different theme to focus discussions – in 2019/20 this included End of Life Care delivery and our culture of innovation.

The Trust has continued to offer a range of benefits and support to staff to promote physical, mental and financial wellbeing. This year this included working in partnership with Shiny Mind a company which has delivered wellbeing and resilience training to over 1,500 staff in more than 20 NHS trusts. Staff from all levels of the organisation helped to develop an app which allows users to send and receive messages of encouragement and positivity.

The app provides interactive exercises and support aimed to reduce stress and increase wellbeing. It also gives staff coping skills and access to the resources 24 hours a day, seven days a week.

The app is available to all our Walton Centre staff to download for free and was a finalist in the International Engage Awards in the following categories; Best use of Technology in Employee Engagement and Best use of Innovation in Employee Engagement - the app was highly commended in this category.

The established programme of health and wellbeing activities continues to be available to all staff. The programme has been expanded throughout the year to include additional activities in direct response to staff feedback/requests, including menopause awareness sessions for managers and staff.

The Trust's Health and Wellbeing Programme is supported by a core group of staff and a senior physiotherapist as Clinical lead.

A range of after work exercise classes continues to prove popular, with zumba, pilates, circuit training and yoga. Health and wellbeing days were held during 2019 and staff were able to take advantage of general health checks and flu vaccinations.

The safety of the Trust's staff is always prioritised. A Violence and Aggression group has been established; with a particular focus on ensuring staff are appropriately supported following incidents via the 'Looking After Staff That Look After Patients' (LASTLAP) initiative. This work programme recognises the particular challenges staff can face when caring for patients with complex neurological conditions.

Over the past year, the Trust has participated in the 'Perform @ Your Peak' workshop which gave staff the option to wear a heart monitor for a week to track and understand their response to stress and relaxation, and hosted a menopause conference for Cheshire and Merseyside. Staff received free access to the Neyber financial support service and have the option of occupational health support, Network of Staff Supporters (NOSS) counselling service, and regular fruit and vegetable stalls.

The Director and Deputy Director of Workforce and Innovation have spoken at national conferences and events to share insights and advice about health and wellbeing provision with other NHS trusts and

organisations. The Trust is supporting the work of Liverpool City Council and is an active member of a working group whose aim is to provide a health and wellbeing offer for all health and social care staff across the city.

The Trust was reaccredited with the Investors in People Gold Standard, reflecting the strong supportive culture staff have created.

## **Education and Organisational Development**

Supporting the Trust's strategic plan, the organisation continues to be highly committed to promote excellence in education and training to ensure it delivers the highest calibre of health care staff for future NHS patients.

The role of the Education team is to support the organisation to provide education, training and development opportunities to develop the current workforce and to support the talent of the future. The Trust maintains a high standard for staff development for which it is recognised, having been re-accredited with Investors in People Gold status in 2017 and maintained this status during an interim review in 2018. The next full review will take place in 2020. Some of the education and organisational development initiatives to be proud of in the 12 months include:

- From the Staff Survey results, the Trust decided that we needed to provide leadership training for all line managers in the organisation. A programme called 'Building Rapport – The Walton Way', was designed and rolled out to line managers from November 2019. The programme consisted of training covering; coaching conversations, appraisal training, equality, diversity and inclusion, HR skills for managers, collective leadership, emotional intelligence, communication skills and the Walton Way values. Ten full cohorts of managers have attended or are currently attending the programme and the feedback has been very positive and beneficial to staff. Staff have stated they have taken their learning to help them within their department to develop both themselves and their staff. A full review will take place once the programme is completed
- 2019 saw a further group of internal coach practitioners being trained to increase provision across the Trust. The established and newly trained cohorts have formed a cohesive network and are looking forward to continuing their professional development and peer support to ensure they support staff across the organisation in the most effective way. As stated above, in 2019, leadership programme was rolled out to all line managers within the organisation. The emphasis of the programme was on building rapport and included a full day coaching element. The feedback from this day was unanimously positive and has led to a greater understanding of coaching and its benefits. This has resulted in increased interest from staff wishing to undertake coaching and in

managers wanting to adopt a more coaching approach in their leadership style. The coaching group continue to make connections with trusts across Cheshire and Merseyside and have benefited from a number of reciprocal coaching arrangements. This has also assisted the Trust financially as it has resulted in a reduction in external coaching expenditure. A successful bid to Health Education England resulted in securing funding to train a number of the Trust's consultant educators to become coaches. This programme will assist and enhance medical students and trainee interactions, and it is hoped that the training will take place within the financial year 2020/21

- Access to leadership development programmes and various other opportunities provided by the North West Leadership Academy continue to be available to all staff. Leadership development programmes accessed by staff include Elizabeth Garrett Anderson and Mary Seacole
- The Walton Centre has designed a standalone 30 credits Masters module in conjunction with Liverpool John Moore's University entitled 'Acute and Chronic Neurosciences Care and Management'. Its first cohort commenced on the programme in September 2019 with intakes twice a year. This module is accessible to a range staff from the multidisciplinary team to include; occupational therapists, physiotherapists, pharmacists, psychology, nursing as well as other AHPs. The module is designed and delivered by clinicians who work for The Walton Centre some of whom are both nationally and internationally recognised
- The Walton Centre continues to provide excellent undergraduate placements for 5<sup>th</sup> year Selective in Advanced Medical Practice (SAMP) medical students, in partnership with the Liverpool School of Medicine. Every SAMP student who attends The Walton Centre has the breadth of learning opportunities available in the units. Secondly, it gives individual students the option of choosing to be attached to a consultant from any of the sub-specialities including; Neurology, Neurosurgery, Neuroanesthetics and Intensive Care, Pain, Neuroradiology and Neurophysiology for an 8 week block
- From September 2021, we will be receiving 4<sup>th</sup> year medical students for a 4 week block as a replacement of 3<sup>rd</sup> year students. There will be a range of clinical learning experiences including; Neurology and Neurosurgery lectures, Neurosurgical on-call shadowing, district general hospital days with consultant Neurologists and Neurosurgeons, Neurorehabilitation sessions, small group ward-based teaching, outpatient clinics (including Pain Management), a series of symptom-based tutorials and a formative assessment which can be delivered as this placement will be a 4 week block from a previous 2 week block in the third year. The Medical Education Team, Clinical Sub Dean and clinicians are making ongoing progress with the delivery of the programme and the University
- Following on from extensive consultation with staff, the revised appraisal paperwork 'Having a Conversation' was launched in January 2019. Feedback has remained very positive from both staff and managers, and a full training session and support guidance has been rolled out to appraisees

and appraisers. The training has also been incorporated into the Building Rapport programme ensuring all managers have received a refresher on this training with the new paperwork

- The Trust has maintained good attendance for statutory and mandatory training with overall very good compliance. The Trust continuously updates the Training Needs Analysis and implements any changes to ensure the Trust continues to deliver safe and effective care to its patients. Over the next 12 months the Training team will carry out a full review of corporate induction in line with regional streamlining recommendations
- The Trust continues to support all staff with a range of education and development opportunities available to support service priorities and individual development. This includes professional qualifications, conferences and seminars, post-registration accredited opportunities, apprenticeships, skills development and clinical skills training – including catheterisation, deteriorating patient and tracheostomy which are all very well attended
- Following the introduction of the apprenticeship levy in 2017, the Trust has incorporated apprenticeship requirements into the annual Training Needs Analysis collection to understand organisational demand. In 2019/20 the Trust had 20 apprenticeships commence:
  - 11 x Senior Healthcare Support Worker L3 apprenticeships
  - 1 x Data Analyst L4 apprenticeship
  - 1 x Healthcare Assistant Practitioner L5 apprenticeship
  - 1 x Healthcare Science Practitioner L6 apprenticeship
  - 1 x Operations Department Manager L5 apprenticeship
  - 5 x Senior Leader Masters Degree apprenticeships

As part of a commitment to corporate and social responsibility, the Trust provides a quality work experience programme and co-ordinates the provision of elective placements working closely with local schools and colleges. Work experience placements are highly valued and The Walton Centre supported 45 placements in 2019/20. The Trust worked in partnership with 2 other specialist trusts in the region and in conjunction with Merseyside Youth Association who are supporting organisations specifically in developing Entry Level Vocational Learning Developments for young people as well as the following groups; people with disabilities, young carers, looked after children, assessed as not being in education, employment or training (NEET), veterans and their families. In the 2019/20 financial year, 21 participants from the aforementioned groups have successfully completed placements at The Walton Centre. Following completion of the placements, 9 of the 21 have successfully found employment. In October 2019, The Walton Centre employed a Vocational Learning Co-ordinator who worked closely with the DWP regarding their Step into Work Programme, The Princes Trust regarding their Get in to the NHS programme and Southport College, to implement pre-employment programmes that work for the Trust and local community.

## People Strategy

The Trust has a People Strategy that encompasses its current key workforce strategies that set out the Trust's commitment to providing world class HR in line with the NHS People Plan's key objectives:

- Making the NHS the best place to work
- Improving the leadership culture
- Tackling the nursing challenge
- Delivering 21<sup>st</sup> century care
- A new operating model for workforce.

## Trade Union Facility Time

In line with the Trust's Partnership Agreement with its recognised staff representative bodies, in 2019/20 the Trust provided the following supported time for its recognised staff representative bodies per week;

### Relevant Union Officials

The total number of Trust employees who were relevant union officials during the relevant period are noted in Table 30.

**Table 30**

<b>Number of Employees who were Relevant Union Officials during the Relevant Period</b>	<b>Full-time Equivalent Employee Number</b>
<b>7.0</b>	<b>1451</b>

### Percentage of Time Spent on Facility Time

The number of employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time is noted in Table 31.

**Table 31**

Percentage of Time	Number of Employees
0%	-
1-50%	7.0
51%-99%	-
100%	-

**Percentage of Pay Bill Spent on Facility Time**

The percentage of the Trust's total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period is noted in Table 32.

**Table 32**

<b>Total Cost of Facility Time</b>	£27,000
<b>Total Pay Bill</b>	£74 million
<b>Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100</b>	0.036%

**Paid Trade Union Activities**

The number of hours spent by employees who were relevant union officials during the relevant period on paid trade union activities are noted in Table 33.

**Table 33**

<b>Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100</b>	9.2%
--	------

## Consultancy

From time to time, the Trust may require the services of external experts in order to assist in meeting particular aspects of its strategy. Examples over the previous year include the engagement of an external training consultant who facilitated the first two days of a five day leadership programme. The programme was devised following feedback from the 2019 Staff Survey results and mandated that every line manager/supervisor within the Trust attend.

Historically, external assistance has been required to support when a team or service is being reviewed. However, during 2019/20, the Trust set up its own Service Improvement Team in order to reduce reliance on that external support.

Other initiatives in order to reduce the costs associated with external consultancy include the setting up of reciprocal coaching and mediation networks across Cheshire and Merseyside.

## Off-payroll Engagements

During the financial year, the off-payroll payments made are show in tables 34 - 36.

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

**Table 34**

	<b>Number</b>
Number of existing engagements as of 31 March 2020	2
Of which, the number that have existed:	
for less than one year at the time of reporting	1
for between one and two years at the time of reporting	
for between 2 and 3 years at the time of reporting	
for 4 or more years at the time of reporting	1
for between 3 and 4 years at the time of reporting	

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and March 2020, for more than £245 per day and that last for longer than six months:

**Table 35**

	<b>Number</b>
No. of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	1
Of which...	
No. assessed as caught by IR35	
No. assessed as not caught by IR35	1
No. engaged directly (via PSC contracted to the entity) and are on the entity's payroll	0
No. of engagements reassessed for consistency / assurance purposes during the year	0
No. of engagements that saw a change to IR35 status following the consistency review	0

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

**Table 36**

	<b>Number</b>
Number of off-payroll engagements of board members, and/or senior officers with significant financial responsibility, during the financial year	0
Total no. of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure must include both on payroll and off-payroll engagements	0

## **Anti-Fraud**

The Committee reviewed and approved the anti-fraud work plan for 2019/20 at its April 2019 meeting noting coverage across all mandated areas of strategic governance, inform and involve, prevent and deter

and hold to account. During the course of the year the Committee regularly reviewed updates on proactive anti-fraud work.

## **2.4 Disclosures set out in the NHS Foundation Trust Code of Governance**

### **Statement of Compliance with the Code**

The Walton Centre has applied the principles of the NHS Foundation Trust Code of Governance on a 'comply or explain' basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

An NHS Foundation Trust is required to provide a specific set of disclosures in its Annual Report to meet the requirements of the Code of Governance. An annual review of the Code of Governance is undertaken and includes the identification of any areas for further development. This is reported to the Audit Committee it has been confirmed that the Trust has complied with the provisions of the Code in 2019/20.

### **Fit and Proper Person Regulations**

In line with the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014, the Trust is required to ensure that all individuals appointed to or holding the role of, Executive Director (or equivalent) or Non-Executive Director meet the requirements of the Fit and Proper Persons Test (Regulation 5).

The Chair has made an Annual Declaration to Trust Board confirming that all existing Executive and Non-Executive Directors met the requirements of the Fit and Proper Persons Test which was informed by: Pre-employment checks for all new appointments undertaken in line with the NHS Employment Standards and including the following:

- Proof of identity
- Disclosure and Barring Service
- Occupational Health clearance
- Evidence of the right to work in the UK
- Proof of qualifications, where appropriate
- Checks with relevant regulators, where appropriate
- Appropriate references, covering at least the last three years of employment, including details of gaps in service.

Additional checks on:

- Disqualified directors
- Bankruptcy and insolvency

- Annual Fit and Proper Persons Test self-declarations completed by all Executive and Non-Executive Directors.

## **Board of Directors, Audit Committee, Nomination & Remuneration Committees**

Details of membership and meetings held by these committees is covered in sections 2.1 – Directors’ Report, and 2.2 - Remuneration Report.

## **The Council of Governors**

The statutory general duties of the Council of Governors are to:

- Hold the Non-Executive Directors individually and collectively to account for the performance of the Board of Directors, and
- Represent the interests of the members of the Trust as a whole and the interests of the public.

Other powers include the appointment (or removal) and deciding the remuneration of the Trust’s Chair and other Non-Executive Directors, appointment of the external auditors, receiving the Annual Report and Accounts, being involved in the forward plans of the Trust, giving approval of increases in private patient income and approving significant applications by the Trust to enter into a merger, acquisition, separation or dissolution. Decisions reserved to the Council of Governors are set out in the Trust’s Constitution and amendments must be approved by the Council of Governors.

The Council of Governors is unable to veto or over-rule decisions made by the Board of Directors or be involved in the day to day running of the Trust, setting budgets, staff pay or other operational matters.

## **Structure and Council Members**

As detailed in the Trust’s Constitution, the Council of Governors consists of 33 governors, 17 elected governors, 4 staff governors and 12 appointed partnership governors.

The Council of Governors is composed of the following:

- Four public governors from the administrative county of Cheshire
- Eight public governors from the administrative county of Merseyside
- Three public governors from the administrative counties of North Wales
- Two public governors for the rest of England and Wales
- Twelve appointed partnership governors and
- Four staff governors.

The period of office for an elected governor is three years after which a governor is eligible for re-election. An elected governor may not hold office for more than nine consecutive years. The period of office for a partnership governor is three years after which a governor is eligible for re-appointment. A partnership governor may not hold office for more than nine years.

The members of the Council of Governors who served from April 2019 to March 2020 are set out in Table 37.

**Table 37**

Name of Governor		Type	Date Appointed	End of Tenure
<b>Cheshire</b>				
Austin	Jonathan	Public	2018	Resigned 2020
Cheeseman	Colin	Public	2018	2021
Gibbins	Phil	Public	2018	Resigned 2020
Hubbard	Melissa	Public	2018	2021
Astles	Alison	Public	2019	2022
<b>Rest of England</b>				
Hill	Cameron	Public	2019	2022
Sutton	Chris	Public	2019	2022
<b>Merseyside</b>				
Griffiths	Linda	Public	2019	2022
Brown	Doreen	Public	2018	2021
Dill	Natalie	Public	2019	2022
Givens	William	Public	2019	2022
Desmond	Jonathan	Public	2017	2020
Cottier	Rich	Public	2018	2021
Wells	Adrian	Partner	2018	2021
Strong	Barbara	Public	2017	2019
Cahill	Tony	Public	2013	2019
Comerford	Ged	Public	2016	2019
<b>North Wales</b>				
Winstanley	Stan	Public	2018	2021
Brown	Nicola	Public	2019	2022
Kitchen	John	Public	2018	2021
Burgen	Andy	Public	2016	2019
<b>Staff Governors</b>				
Chesterton	Amanda	Clinical	2018	2021
McLoughlin	Sharon	Nursing	2018	Resigned 2019

Name of Governor		Type	Date Appointed	End of Tenure
Davies	Rhys	Medical	2016	2019
Harrison	Jan	Non-Clinical	2019	Resigned 2020
Moreno	Isabel	Non-Clinical	2013	2019
<b>Partnership Governors</b>				
Austen-Vincent	Ruth	Cheshire & Merseyside Neurological Alliance	2015	2021
Clegg	Peter	Liverpool University	2017	2020
Nicholas	Nathalie	Liverpool City Council	2018	Resigned 2019
Mellor	Nanette	The Brain Charity	2017	2020
Pereira	Ella	Edge Hill University	2017	2020
Foulston	Diane	Health Watch	2018	Resigned 2019
Howard	Stella	North Wales CHC Joint Committee	2018	2021
Vaughan	Jan	Merseyside & Cheshire Clinical Network	2017	2020
Rothwell	Derek	Liverpool CCG	2017	Resigned 2020

## Lead Governor

Under existing NHS Improvement guidance, all Foundation Trusts are required to provide details of a Nominated Lead Governor. Mr Colin Cheesman held the role of Lead Governor until January 2020 when Barbara Strong was subsequently appointed to the role. The role of the Nominated Lead Governor is defined by NHS Improvement in Appendix B to the NHS Foundation Trust Code of Governance (published July 2014).

## Council of Governors meetings

Under the Trust's Constitution, the Council of Governors is required to meet a minimum of four times a year. Attendance at meetings of the Council of Governors during 2019/20 is shown in Table 38.

The Trust's Chair and Chief Executive attended all meetings of the Council of Governors. Other Executive Directors attend as required by the agenda. Non-Executive Directors attend all meetings and the relevant Committee Chairs present an update from each of the assurance committees which allows the governors to hold them to account in relation to the assurances provided. The attendance of Non-Executive Directors also ensures that they develop an understanding of the views of governors and members about the Trust.

**Table 38**

<b>Name</b>	<b>June 2019</b>	<b>Sept 2019</b>	<b>Jan 2020</b>	<b>March 2020*</b>
Janet Rosser Chair	✓	✓	✓	N/A
Adrian Wells	A	✓	A	A
Alison Astles			✓	A
Amanda Chesterton	✓	✓	A	✓
Andy Burgen	A	✓		
Barbara Strong	✓	✓	✓	A
Cameron Hill			A	✓
Chris Sutton			A	A
Colin Cheesman	✓	✓	✓	✓
Derek Rothwell	✓	✓		
Diane Foulston	A	A		
Doreen Brown	A	A	A	A
Dr Melissa Hubbard	✓	A	✓	A
Ella Pereira	✓	A	A	✓
Ged Comerford	A	A		
Isabel Moreno	✓	A		
Jan Harrison			✓	A
Jan Vaughan	A	A	A	✓
John Kitchen	✓	✓	✓	✓
Jonathan Austin	A	A		
Jonathan M Desmond	✓	A	✓	A
Lesley Collins	A	A		
Linda Griffiths (nee Cole)			✓	A
Melissa Hubbard	✓	A	✓	A
Nanette Mellor	✓	✓	✓	✓
Natalie Dill			A	✓
Nicola Brown			A	A
Peter Clegg	A	A	A	A
Phil Gibbons	A	A		
Rhys Davies	A	A	A	✓
Rich Cottier	✓	✓	A	✓
Ruth Austin Vincent	✓	✓	✓	✓
Sharon McLoughlin	✓	✓	A	A

Name	June 2019	Sept 2019	Jan 2020	March 2020*
Stan Winstanley	✓	✓	✓	✓
Stella Howard	✓	A	A	✓
Tony Cahill	✓	✓		
William Givens			✓	✓

30 individuals acted as governors between 01 April 2019 and 31 March 2020.

\*In order to comply with Government social isolation requirements this meeting was held virtually, covered under the current provision in legislation that covers 'special reasons'. The meeting focussed on the re-appointment of the Chair and the appointment of the Deputy Chair.

## Governor Training

Training and development is a priority to ensure that governors understand their role and can contribute effectively to the Trust. Governors have attended training events including New Governor Induction Training and also North West Governors Forum. The Trust subscribes to NHS Providers and circulates training and development material to give the opportunity for governors to attend regional and national events.

Governors are invited to join meetings of the Board of Directors and some committee meetings as observers to allow them to view and understand the working of the governance structure and how the Non-Executives fulfil their role. The Trust continues to work with and support governors in carrying out their role and has produced a Governor Handbook as a useful resource.

Governors also participate in the work of the Trust by participating in patient-led assessments of the care environment (PLACE), meetings with the Trust Chair and tours of the hospital and the Home from Home facility with Neurosurgery and Neurology Matrons, where they have the opportunity to meet staff and patients.

During quarter 4, the Council of Governors undertook a self-evaluation to identify individual training needs and areas where additional support is required. The relevant actions were agreed by the Council of Governors which will include the development of online resources in 2021.

## Governors Appointments and Elections

All public and staff governors are appointed by an election process which is administered by Electoral Reform Services on behalf of the Trust. Members are invited to self-nominate and the election process is held in accordance with the Trust's Constitution. Public governors are elected for a period of three years

beginning and ending at an Annual Members Meeting. Partnership governors are nominated by their respective organisations. Their term of office is also three years. In the summer of 2019, elections to the Council of Governors were held according to the Trust's Constitution. Results were as reported in Table 39.

**Table 39**

Seat	Turnout	Governor Elected
Public: Merseyside	9.9%	Linda Williams (nee Cole)
		William Givens
		Natalie Dill
Public: Cheshire	11.3%	Alison Astles
Public: North Wales	Uncontested	John Kitchen
		Stan Winstanley
Public: Rest of England	10.2%	Chris Sutton
		Cameron Hill
Staff: Medical	Uncontested	Rhys Davies
Staff: Non-clinical	Uncontested	Jan Harrison

### **Governors Register of Interests**

Governors are required to declare any interests they hold upon appointment and in addition they review this on an annual basis.

A register is kept of governors' interests. Access to the register is available online at <https://wcft.mydeclarations.co.uk/home>.

The Register of Interests pre 2016 - 17 can be obtained by contacting the Corporate Secretary.

### **Governor Expenses**

In accordance with the Trust's Constitution, Governors may claim expenses for attendance at Council of Governor meetings and whilst representing members or the Trust at other events and meetings. In 2019/20 the total amount claimed was £1,134.97 as shown in Table 40.

**Table 40**

<b>Name of Governor</b>	<b>Expenses Claimed (£) 2019/20</b>	<b>Expenses Claimed (£) 2018/19</b>
Andy Burgen	£173.60	£531.30
Barbara Strong	£38.56	£34.75
Doreen Brown	£63.76	-
Isabel Moreno	£8.50	£17.50
Stan Winstanley	£602.00	£226.85
Stella Howard	£248.55	£471.25
Colin Cheesman	-	£55.75
Lesley Collins	-	£600.92
Louise Ferguson	-	£97.20
Phil Gibbons	-	£108.20

### **Trust Membership**

The Walton Centre is a public benefit organisation and its objective, with respect to membership, is to recruit, retain and develop a sizeable, representative and active membership which is engaged with the objectives of the Trust. Information for prospective members is posted on the Trust's website.

### **Public Constituencies**

Anyone aged 16 or over can register for Membership. This is provided they are not eligible to become a Member of the Staff Constituency or otherwise disqualified for Membership as described in the Constitution.

### **Staff Constituencies**

Members of staff are individuals who are employed with a contract of employment which does not have a fixed term, or with a fixed term of at least 12 months. The Staff Constituency also includes individuals who have been employed continuously by the Trust for 12 months. All staff employed by the Trust who are eligible, automatically become Members on appointment, although they can decide to opt out if desired.

### **Membership Breakdown**

At the end of March 2020, the Trust's membership stood at 6,642 compared to 7,674, in March 2019. Table 41 provides a breakdown of the Trust's membership by constituency.

**Table 41**

<b>Membership by Constituency</b>		
<b>Constituency</b>	<b>31 Mar 2020</b>	<b>31 Mar 2019</b>
Public Cheshire	725	1172
Public Merseyside	2610	2515
Public North Wales	1288	1414
Public England and Wales	714	792
Public Out of Trust Area	6	10
Staff Nursing	403	406
Staff Medical	130	137
Staff Clinical	432	438
Staff Non-Clinical	339	346
<b>Total</b>	<b>6647</b>	<b>7674</b>

### **Membership Development and Engagement**

The Trust recognises the importance of governors being accessible to Members. Council of Governors meetings are public meetings and agendas and minutes from the meetings, together with details of how members can contact governors, are publicised on the Trust's website.

The Council of Governors is responsible for reviewing, contributing to and supporting the Membership Strategy. During 2020, the Trust has established a Membership Group, chaired by a Governor, to oversee the implementation of the Membership Strategy. This Group will focus on reviewing the Membership Strategy and its links to the Trust's wider Communication and Engagement Strategy.

During 2019/20, the Trust continued to promote membership via the quarterly membership newsletter Neuromatters, which contains a membership section and regular articles from Governors. These newsletters are sent by mail and email, and are prominently displayed around the Trust to encourage membership. The newsletter is also available on the intranet, website and via social media. In addition to this, governors undertook a number of membership engagement activities including the Annual Members Meeting held in September 2019.

To enable Members and prospective Members to contact the Membership Manager there is a dedicated email account [membership@thewaltoncentre.nhs.uk](mailto:membership@thewaltoncentre.nhs.uk)

Governors can be contacted by email [governors@thewaltoncentre.nhs.uk](mailto:governors@thewaltoncentre.nhs.uk)

## Regulatory Ratings

### Single Oversight Framework

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

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

Based on information from these themes, providers are placed in a segmentation rating from 1 to 4, where '4' reflects providers receiving the most support, and '1' reflects providers with maximum autonomy. A Foundation Trust will be in segments 3 or 4 where it has been found to be in breach or suspected breach of its licence. Table 42 shows the Trust's ratings for 2019/20.

**Table 42**

	<b>Annual Plan 2019/20</b>	<b>Q1 2019/20</b>	<b>Q2 2019/20</b>	<b>Q3 2019/20</b>	<b>Q4 2019/20</b>
<b>Finance Use of Resource Rating</b>	1	1	1	1	1
<b>Governance Rating</b>	Green	Green	Green	Green	Green

### Segmentation

Following a review of the Trust's financial position, The Walton Centre was placed in segment 1. This is the lowest level of oversight with no potential support needs having been identified resulting in maximum autonomy within the Single Oversight Framework.

### Care Quality Commission

The Walton Centre is required to register with the CQC and its current registration status is fully compliant. The Trust has no conditions and the CQC has not taken enforcement action against the Trust during April 1 to 31 March 2020 inclusive. The last inspection took place between March – April 2019 and the subsequent report was received in August 2019.

CQC inspectors use professional judgement, supported by objective measures and evidence, to assess services against five key questions:

- Are they safe?
- Are they effective?
- Are they caring?
- Are they responsive to people's needs
- Are they well-led?

The inspection awarded an overall rating of 'Outstanding' and in respect of the CQC's five key questions was assessed as follows:

- Safe – Good
- Effective – Outstanding
- Caring – Outstanding
- Responsive – Good
- Well-led – Good.

The actions identified were incorporated into the detailed action plan to monitor progress in delivering and embedding the actions and this work continues.

### **Statement of the Chief Executive's responsibilities as the Accounting Officer of The Walton Centre NHS Foundation Trust**

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

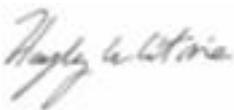
NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require The Walton Centre NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are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

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

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

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

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



**Hayley Citrine**  
**Chief Executive Officer**  
**22 June 2020**

## **2.5 Annual Governance Statement**

### **Scope of Responsibility**

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

### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of The Walton Centre NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in The Walton Centre NHS Foundation Trust for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

### **Capacity to Handle Risk**

The Trust has in place a Risk Management Strategy that has been approved by the Board and is kept under review. The Risk Management Strategy defines the Trust's approach to, and appetite for, risk and risk management, describes the structures and processes for managing risk and sets objectives against which progress can be measured. A copy of the strategy is available on the Trust intranet and website.

### **Leadership**

As Chief Executive, I have overall responsibility for risk management within the Trust, and I ensure the work of the Executives and other specialist sub-committees is reviewed by the Board of Directors. The Chief Executive has overall responsibility for having effective risk management systems in place within the

Trust and for meeting all statutory requirements and adhering to guidance issued by NHS Improvement and other regulatory bodies in respect of risk and governance.

The Board of Directors has overall responsibility for consideration of the Board Assurance Framework and resource allocation relating to the 'significant risks' of the Trust. The recommendations from Board committees, taking account of advice from the relevant sub-committees, are made to the Board of Directors where competing priorities are debated and agreed or accepted.

## **Training**

It is the policy of the Trust to provide and maintain, so far as is reasonably practicable, all plant, systems of work (including safe use, handling, storage and transport of substances and articles), places of work and working conditions, such that they are safe and with minimal risks to employees, as well as to non-employees, and to provide such information, instruction and training as is necessary for this purpose.

To ensure that the Trust's approach to risk management is successfully implemented and maintained, staff of all levels, are appropriately trained in key elements of risk management. All staff are required to regularly update their knowledge and skills and maintain their personal awareness of their responsibilities for risk management via an on-going training programme which includes adverse incidents, Health and Safety, Fire Safety, Infection Control and Prevention, Safeguarding Children and Vulnerable Adults, Information Governance, Moving and Handling, Conflict Resolution, Complaints Handling, Fraud Awareness, and Equality and Diversity.

This training is mandatory for all staff and is identified via a training needs analysis that is reflected in the Trust's Induction and Mandatory Training Policy.

All new employees of the Trust are required to attend a corporate induction programme that covers key aspects of risk management. In addition, to ensure a consistent approach to root cause analysis, investigation focussed training sessions are provided to relevant members of staff. Emergency resilience training is also delivered to all senior managers who undertake on call duties and table top exercises are conducted to test robustness of the Trust's Major Incident Plan.

Compliance with mandatory training is reported to the Board of Directors (in addition to the Business Performance Committee) on a monthly basis and monthly reports informing managers of staff who require update training are sent to all Divisional and Departmental Managers.

The Nursing and Governance Directorate has a number of appropriately qualified and experienced staff to lead, support and advise staff at all levels of the organisation with the identification and management of risk.

The Trust is an accredited centre for the Institution of Occupational Safety and Health (IOSH) Managing Safely course for senior staff. This is an internationally recognised certificate of competence.

Training in the use of Datix (the Trust's risk management system) is provided to all staff. There is also an accessible, specialist system lead based centrally with the Risk Management Team.

Staff across the organisation that have a key role in respect of risk assessment and management have attended bespoke, externally facilitated training sessions in the reporting period which focussed on the identification, assessment, mitigation and reporting of risk.

All adverse events are recorded and investigated by the Trust utilising the Datix system.

Those of a serious nature are considered and signed off via the Serious Incident Group led by the Medical Director and Director of Nursing and Governance. The outcomes of such incidents inform future training plans, policies and wider learning for the Trust.

To further encourage a positive safety culture and to ensure learning, the Trust's internal quarterly governance feedback bulletin includes articles on the learning arising from the analysis of claims, incidents and complaints.

The Board of Directors is committed to ensuring a robust infrastructure is in place to manage risks from operational level to Board level, and that where risks crystallise, demonstrable improvements can be put in place.

Through the Scheme of Reservation and Delegation of Powers, the Board of Directors delegates specific responsibilities for the management of risks and this is supported by a Risk Management Strategy which is approved by the Board of Directors. The strategy outlines the Trust's approach to risk, accountability arrangements and the risk management process including identification, analysis, evaluation and approval of the risk appetite.

The Board of Directors also maintains a Board Assurance Framework, which identifies the risks to achieving the strategic objectives that have been set by the Board of Directors for the Trust. Each identified risk is allocated to the oversight of a Board Committee (or occasionally the Board of Directors itself), and

that committee is responsible for regular challenge to the assessment and management of the allocated risks. Details of both the Board Assurance Framework, and the higher-rated risks on the operational risk register, are reported on a quarterly basis to the Board of Directors for consideration, challenge and assessment of available assurance.

The Risk Management Policy describes how risks are identified, recorded and managed via the electronic Datix system and how they are quantified, using a standard risk scoring matrix. This allows standardisation of risk assessment across the Trust, utilising a common currency. The policy also requires action plans to be determined and implemented for those risks that are inadequately controlled.

### **Strategic Risks 2019/20**

The major risks identified to the delivery of the Trust's objectives in 2019/20 were as follows:

- Failure to deliver the financial plan for 2019/20 including to a recurrent QIP
- Failure of WHSSC to pay tariffs at HRG4+ levels
- Failure to meet key performance targets and see and treat patients in a timely manner
- Breaching the NHSI Agency Cap due to an increase in locum/agency usage
- Inability to recruit and retain sufficient numbers of well trained staff
- Failure to prevent breaching the threshold for C-Difficile
- Failure to establish effective processes to prevent harm to staff from violent/aggressive patients
- Failure to deliver the benefits identified within the Quality Strategy
- Failure to deliver the Trust Digital Strategy
- Lack of assurance on quality of data.

During quarter 4, the Trust recognised the significant risk relating to the impact of the COVID-19 pandemic and the potential effect this would have on the delivery of the Trust's objectives. This was reviewed by the Executive Management Team and included in the Board Assurance Framework in April 2020.

### **Future Strategic Risks 2020/21**

The key risks for the Trust as it moves into the new financial year are linked to the response to COVID-19 and the implications for the quality of patient care and safety; operational performance financial sustainability and innovation. The following list denotes the risks identified for 2020/21:

- **COVID-19** - If the COVID-19 pandemic continues for an extended period then the Trust may be unable to deliver its strategic objectives leading to regulatory scrutiny and reputational damage

- **QIP** - Failure to achieve the recurrent QIP financial plans in accordance with the Strategic Plan due to conflicting pressures/challenges without adequate mitigations
- **Operational Performance** - If the Trust does not see and treat patients in a timely manner then it will not meet the NHS constitutional standards leading to poor patient experience, regulatory scrutiny and reputational damage
- **Harm to Staff** - If the Trust does not establish effective processes to prevent harm to staff then staff may be exposed to physical harm which could lead to high turnover, sickness absence, litigation and regulatory scrutiny
- **Quality** - If the Trust does not deliver the benefits identified within the Quality Strategy, then patient and family centred care will not be sustained leading to potential harm, poor patient experience and reputational damage
- **Estates** - If the Trust does not deliver the priorities within the Estates Strategy then the existing estate may not meet the needs of patients or support operational performance leading to poor patient experience and reputational damage
- **Digital** - If the Trust does not maintain and improve its digital systems through implementation of the Digital Strategy, it may fail to secure digital transformation leading to reputational damage or missed opportunity
- **Cyber Security** - If methods of Cyber Crime continue to evolve then the Trust may receive a cyber-attack leading to service disruption, loss of data and financial penalties
- **Research and Development** - Failure to maintain and grow the Trust's research and development agenda will negatively impact upon its centre of excellence status leading to loss of income, reduced profile and inability to recruit/retain the most ambitious clinical staff
- **Innovation** - If the Trust does not identify innovative methods of delivery then it will not maintain its centre of excellence status leading to unwarranted variation, increased costs and an inability to meet the future needs of patients
- **Partnerships**  
If the Trust does not establish effective partnerships within the health economy then it may be unable to influence the future development of local services leading to missed opportunities and reputational damage.

The Board Assurance Framework is approved by the Board at the beginning of the financial year and managed through delegation to its committees. It was reviewed on a quarterly basis and during September 2019 a Board Development session was held to provide the Board with an additional opportunity to discuss and debate the overall appetite for risk.

Quality Governance is provided via the Trust's Quality Committee which monitors the delivery of the Trust's Quality Strategy and compliance with the CQC requirements. The Quality Committee has been supported by Divisional risk and governance groups, the Health and Safety Group and the Serious Incidents Group.

Risk Management is embedded within the organisation in a number of ways. All departments within Divisions maintain up to date risk registers via the Datix System and risk is a key agenda item on all meeting agendas. Risks are escalated via departmental risk registers to the Corporate and Divisional Risk Registers in line with the Risk Management policy.

Business cases include a full risk assessment and Equality Impact Assessment prior to formal approval.

All cost improvement schemes have processes in place to identify and mitigate risks to quality. During 2019, the Trust established a Transformation Board chaired by the Director of Strategy and Operations to provide additional focus, leadership and assurance on the identification and safe delivery of cost improvements / transformational schemes.

Management and operational structures are in place to manage the risks that the Trust faces. All of the groups working within the governance structure are remitted to identify and where appropriate, escalate all risks emerging from the business transacted. The groups/committees report through committees of the Board of Directors in a structured manner, ultimately to the Board of Directors.

There are clear Terms of Reference for each Board committee and group that report to it and a robust process is in place to review the effectiveness of the groups and Board committees on an annual basis. During 2019, work began to review the Terms of Reference and the effectiveness of the Board committees and establish if they are fulfilling their duties. There are areas for development which will require changes to Terms of Reference or working practices which will be implemented during 2020/21 to further strengthen the Board of Directors and committee functions.

During 2019/20 there were seven committees of the Board of Directors that covered risk (both clinical and non-clinical) and these were:

- Audit Committee (which sought assurance over the risk management processes and controls in place rather than the content and management of individual risks themselves)
- Quality Committee
- Business Performance Committee
- Research and Development Committee
- Charity Committee

- Remuneration Committee.
- Neuroscience Programme Board

The key committees were chaired by a Non-Executive Director of the Trust.

Clinical risk, whilst being everyone's responsibility, is managed by operational staff and monitored by Nursing and Governance. Clinical risk is reported through the Risk Management System, Datix which allows themes and trends to be identified and inform organisational learning.

The Quality Committee is authorised by the Board of Directors to oversee all activity relating to the quality of patient care (i.e. safety, effectiveness and experience). This includes for example, learning lessons from patient complaints and letters of appreciation.

The Audit Committee reviewed the establishment and maintenance of an effective system of governance, risk management and internal control, across the whole of the organisation's activities. This included activities that were both clinical and non-clinical.

### **The Governance Framework of the Organisation**

The Board of Directors keeps its governance arrangements under review to ensure alignment to the Monitor Code of Governance. The Board of Directors recognises its accountabilities and provides leadership within a framework of prudent and effective controls which enables risk to be assessed and managed.

The Board of Directors sets the strategic aims for the organisation and ensures that resources are in place to meet its objectives. It receives reports at each meeting held in public on the principal strategic risks through a combination of assurance reports and reports from the Board sub-committees.

The Board of Directors currently meets at least eight times per annum and currently consists of:

- The Trust's Chair plus 5 other Non-Executive Directors, including a Senior Independent Director
- The Chief Executive Officer and 4 other voting Executive Directors
- 1 non-voting Executive Director

The Board of Directors has three key roles:

- Formulating strategy for the organisation
- Ensuring accountability by: holding the organisation to account for the delivery of the strategy; by being accountable for ensuring the organisation operates effectively and with openness,

transparency and candour and by seeking assurance that systems of control are robust and reliable

- Shaping a healthy culture for the Board of Directors and the organisation.

During 2019, the Board of Directors approved a revised Quality Strategy that sets out the Trust's ambitions for the next five years to ensure that quality continues to exceed patient and family expectations, as well as internal and external targets.

Quality is a central element of all Board meetings. Either a patient or staff story is used to open each meeting of the Board of Directors, to ensure that the focus on quality of patient care remains at the heart of all Board activity and decision making.

Each month the Executive Team conduct walkabouts to chat to staff, patients and families and determine if any issues are present. General feedback is sought so that the Executive Team can triangulate data that is collected from various sources. This enables further discussion, questioning and support where required.

In line with national guidance, the Trust's Raising Concerns at Work Policy was approved by the Board of Directors in August 2018. Staff are aware of the policy and have direct access to the Freedom to Speak Up Guardian and a number of champions. The Guardian reports on a quarterly basis to Board of Directors and any themes or concerns are monitored. The Freedom to Speak Up Guardian meets regularly with the Senior Independent Director to ensure that any matters that may relate to the Chair or Chief Executive can be addressed if required.

The Integrated Performance Report, which continues to be developed, is aligned to the Single Oversight Framework with focus on key quality indicators.

In addition to this, the Board of Directors receives a quarterly governance report that contains details of serious incidents which includes near misses, serious case reviews, claims and coroners' inquests. The Quality Committee also reviews these matters in more detail on a monthly basis, along with complaints and concerns and learning is disseminated via the Divisional risk and governance meetings which consider both clinical and non-clinical issues.

The Trust-wide safety huddle supports the escalation of risk as it has representation from all specialties within the organisation. Meetings are held each weekday morning for approximately 20 minutes to ensure that issues and risks relating to the quality of care can be escalated. The meetings are chaired by the Director of Nursing or a member of the Senior Nursing Team.

During the year, one nationally defined 'Never Event' occurred which related to a retained foreign object post operation. The Trust completed a full investigation which was discussed at the Serious Incident Group and this resulted in the introduction of a Local Safety Standards for Invasive Procedures (LocSSIPs) for future procedures.

The Executive Management Team meets weekly (and since COVID-19 daily) and is accountable for the operational management of the Trust. The primary functions of the Executive Management Team include management of organisational governance, investment and disinvestment, performance delivery, horizon scanning, strategy and policy development, interpretation and implementation, and stakeholder and partner engagement.

The Board of Directors reviews its Scheme of Reservation and Delegation and Standing Financial Instructions on an annual basis and through this and a review of the Terms of Reference of its committees, confirms that the Trust discharges its statutory functions. The Trust is satisfied that it has been compliant with these functions during 2019/20.

As required under NHS Foundation Trust Condition 4 (8) the Board of Directors, assures itself of the validity of its Corporate Governance Statement through the review of supporting evidence and details of the risks and mitigations. In accordance with this, the Trust is required to submit to NHSI a Corporate Governance Statement by and on behalf of the Board of Directors confirming compliance with FT4 (8) Condition of the Provider Licence as at the date of the statement and anticipated compliance with this Condition for the next financial year, specifying any risks to compliance with this Condition in the next financial year and any actions it proposes to take to manage such risks.

The Statement was drafted and approved by the Board of Directors at its meeting on 22 June 2020 and published on the Trust's website within the prescribed timescales. The statement from the Board evidenced the current arrangements in place to mitigate the risks to compliance and concluded that there were no material risks. As mentioned elsewhere in this Annual Governance Statement, the effectiveness of the committees is kept under review and the Trust's performance is considered at each Board meeting with presentation of the Integrated Performance Report based upon the Single Oversight Framework.

Further information about the responsibilities of Directors and Board sub-committees are provided in the Directors Report (section 2.1). The Trust's strategies and policies are developed in consultation with public stakeholders and reflect where appropriate, the areas of risk to be managed.

## **Workforce Planning**

There are various initiatives that impact upon workforce numbers at an organisational, system and national level. Fundamentally, the impact and management of these issues in practice, is central to the Trust's workforce planning process.

The Trust takes a robust approach to the management of the workforce plans. Each year the workforce element of the operational plan is submitted and approved at Trust Board and the plans are reviewed regularly by the Trust Board, Business Performance Committee and Executive Management Team. Senior management teams receive monthly reports on workforce data through the integrated performance report, which demonstrates the position against planned establishment. Further reports on the workforce and recruitment plans are reported through the Business Performance Committee. In addition, ad hoc reports are provided on specific risks related to the workforce plan via the Executive Team and relevant committees.

The Trust is mindful that changes in workforce models and skill mixes require a robust assessment of risk and quality to provide assurance that these changes within the workforce do not adversely impact on patient care.

The nursing workforce is reviewed on a 6 monthly basis in line with national guidance using various tools and data that is triangulated with nurse sensitive indicators to ensure that staffing is appropriate and safe. A benchmarking exercise is also undertaken to ensure we are in line with other trusts with our patient staffing ratios. The reports are presented to the Board of Directors on a bi-annual basis.

The last nurse staffing report was presented to the Board of Directors in November 2019. Bi-annual reports are presented to the Business and Performance Committee with a key focus on recruitment and retention, nurse bank, agency and nursing turnover. There is an action plan in place to support these reports and this is also monitored through the Business Performance Committee.

The nursing establishment planned versus actual results are reviewed by the Director of Nursing and Governance and presented to various committees prior to their monthly submission to NHS England and the Trust website. The unify return is cross referenced with Friends and Family data, registered nurse to patient ratio, nurse sensitive indicators and occupancy rates.

Supply figures for Junior Doctors are agreed centrally at Health Education England. The process is locally co-ordinated through the Lead Employer, St Helens and Knowsley Teaching Hospitals NHS Trust.

Looking at the longer term strategic context, the Trust completes an updated five year workforce plan on an annual basis to Health Education North West. This is an in depth process that seeks to identify potential issues relating to workforce supply, skill sets and emerging workforce capacity issues.

### **CQC Registration**

The Trust is fully compliant with the registration requirements of the CQC and during Q2 of 2019/20, was subject to a full inspection. The findings and outcome of that inspection was that the Trust was rated 'Outstanding' overall and achieved good in the Well-Led domain. The Trust continues to manage the completion of any actions arising from that process. To see the full report go to the CQC website <https://www.cqc.org.uk/provider/RET>.

### **Conflicts of Interest**

The Trust has published an up to date register of interests, including gifts and hospitality for decision-making staff within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance, NHS England.

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.

### **Equality Diversity and Human Rights**

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. This is evidenced by the annual review and self-assessment carried out during the year, as the Trust is required to publish and monitor a variety of workforce metrics. This is also evidenced by demonstrating that all procedural documents incorporate an Equality Impact Assessment prior to ratification by the relevant committee. The Trust published all relevant equality progress in its Public Sector Equality Duty Equality, Diversity and Inclusion Annual Report 2019.

### **Carbon Reduction**

The Trust has undertaken risk assessments and is currently working to produce 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. More information is contained in the section 1.3 – Environment and Sustainability.

The Trust secures the economy, efficiency and effective use of resources through a variety of ways including:

- A well-established policy framework including Standing Orders, Standing Financial Instructions and Schemes of Delegation
- Established commissioning and planning processes
- An organisational structure which ensures accountability and challenge
- Effective corporate functions supporting the planning and management of resources
- Detailed monthly financial reporting to Board of Directors including year–end forecasting and progress on the cost improvement programme.

The Trust invests significant time in improving systems and controls to deliver a more embedded range of monitoring and control processes. The in-year use of resources is closely monitored by the Board of Directors and the following Board Committees:

- Audit Committee
- Business Performance Committee
- Quality Committee
- Remuneration Committee
- Research, Development and Innovation Committee
- Neuroscience Programme Board.

Day to day management of resources is monitored through the Executive Management Team meetings. The Executives take the lead in planning, delivering and taking actions for recovery to bring variances back to plan when needed. Throughout the year the Executive Team regularly review performance against clinical, performance, workforce and financial indicators. In addition to this, the Director of Operations and Strategy holds regular performance review meetings with the Clinical Divisions and escalates any matters of concern via the Executive Management Team meetings.

The Trust employs a number of approaches to ensure best value for money (VFM) in delivering its services. Benchmarking is used to provide assurance and to inform and guide service redesign. This leads to improvements in the quality of services and patient experience as well as financial performance. Our commitment to value for money and the effective use of resources has been strengthened in the year by the effective and focussed use of the Trust's internal audit service and the Internal Audit Plan set in 2019/20.

Through this process, the Trust has received independent and objective assurance presented to the Audit Committee and the Board of Directors that the Trust's risk management, governance and internal control processes are operating effectively.

The Trust has a dedicated, qualified Anti-Fraud Specialist supported as required by other Anti-Fraud Specialists. NHS Improvement's Single Oversight Framework provides a framework for overseeing providers and one of the aspects is Finance and use of resources.

There are five aspects and scoring is measured from 1 to 4, where 1 reflects the strongest performance. These scores are then weighted to give an overall Finance and Use of Resources score. During the period, the Trust achieved the highest attainable score of one – see Table 43.

**Table 43**

Area	2019/20				2018/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Capital service cover rating	2	1	1	1	2	1	1	1
Liquidity rating	1	1	1	1	1	1	1	1
I&E margin: distance from financial plan	1	1	1	1	1	1	1	1
Agency rating	1	1	1	1	3	3	2	1
<b>Use of Resource Risk Rating</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>

### Information governance

The Trust has a nominated Senior Information Risk Officer (SIRO) at executive level who has nominated responsibility for information risk. The Data Protection Officer (DPO), oversees Data Protection compliance throughout the Trust and provides independent advice to the Trust.

The programme of work for information governance for 2019/20 has been progressed through the Information Governance Steering Forum which reports through the Business Performance Committee. The Trust is yet to submit their assessment against the Data Security and Protection Toolkit (DPST) due to COVID-19 and the extension of the deadline however, the Trust expects to meet 100% of the mandatory evidence items in addition to completing and meeting 40 of the 40 assertions.

The Trust uses the Datix Incident Report Form to capture data breaches reported by all levels of staff. During 2019/20 a total of 214 breaches were reported. Of these, 12 were classed as externally reportable

to the Information Commissioners' Office (ICO). The ICO notified the Trust that all cases were closed with no further action required by them due to the remedial action taken by the Trust.

The Trust was externally audited in August 2019 for its full accreditation against ISO27001:20013 in relation to Information Security. The Trust successfully retained its accreditation. In addition an audit of the Data Security and Protection Toolkit (DSPT) completed by the Trust's internal auditor received 'Substantial Assurance' making this the tenth year in succession.

### **Data Quality and Governance**

The Trust maintains effective processes to identify, investigate and resolve any issues that arise in relation to data quality across all of its systems. This involves regular monitoring, performance and incident reporting and the use of audit. Staff are fully aware of their roles and responsibilities regarding Data Quality and are encouraged and engaged in resolving concerns.

Data quality is monitored through a monthly Data Quality Systems Assurance Group (DQSAG) chaired by the Head of IM&T and includes representatives from key areas. It escalates by exception to the Information Governance and Security Forum (IGSF) which reports to the Business Performance Committee.

The group monitors internal Key Performance Indicators on all of the Trust's, and develops targeted action plans on key issues and monitors those plans through to completion.

Dedicated patient data systems (PAS) and Data Quality, Clinical Systems, Information and Finance staff ensure that data and information are monitored and reviewed regularly. The Data Quality Maturity Index (DQMI) with a score of 99.0% for January 2020 reflects this strong culture.

### **Assurances for Data Quality for Elective Waiting Time Data**

The Trust maintains effective processes to identify, investigate and resolve any issues that arise in relation to data quality across all of its systems. This involves regular monitoring, performance and incident reporting and the use of audit. Staff are fully aware of their roles and responsibilities regarding Data Quality and are encouraged and engaged in resolving concerns.

Data quality is monitored through a monthly Data Quality Systems Assurance Group (DQSAG) chaired by the Head of IM&T and includes representatives from key areas. It escalates by exception to the Information Governance and Security Forum (IGSF) which reports to the Business Performance Committee.

The group monitors internal Key Performance Indicators on all of the Trust's, and develops targeted action plans on key issues and monitors those plans through to completion.

Dedicated patient data systems (PAS) and Data Quality, Clinical Systems, Information and Finance staff ensure that data and information are monitored and reviewed regularly. The Data Quality Maturity Index (DQMI) with a score of 99.0% for January 2020 reflects this strong culture.

All patient demographic and activity data is co-ordinated from the Trust's PAS which updates both locally developed and off the shelf clinical systems and a Data Warehouse is used for Information and Business Intelligence analysis.

All system teams complete data quality checks covering key areas on the patient's journey to ensure that data is accurate, valid and complete and we train users to match our standards in system use before granting access and ensure all are made aware of the importance of Data Quality and NHS Number usage at mandatory induction.

In June 2019, the Trust was approached to take part in a clinical review of the referral to treatment standard. The review recommended testing the use of an average (mean) wait measure for people on the waiting list as a potential alternative to a threshold target, currently set at 92% of incomplete pathways being within 18 weeks, to see whether keeping the focus on patients at all stages of their pathway can help to reduce long waits. The trial began early August 2019 and the Trust underwent a site visit from the national team in October 2019 from which we received positive feedback in the changes we had made to both our patient targeting lists (PTL) and weekly performance monitoring reports to support this testing.

In 2018, the Trust commissioned a peer review of its Business Informatics service and a number of actions were implemented including the development of a Business Intelligence Plan to support improved data quality. This is monitored by the Business Performance Committee.

## Review of Effectiveness

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

In addition, my review is informed by the following assessments:

- The outcome of the CQC inspection during 2019/20, the overall rating of 'Outstanding' and the action plan from that inspection, which we continue to monitor to strengthen our quality of care
- Assurances resulting from the reports of Internal and External Audit, including the Head of Internal Audit Opinion
- The regular Integrated Board Performance Reports
- Clinical Audit Findings
- The independent review by AQUA of our Trust against NHS Improvement's Well-Led Framework this has provided a key focus for the Board of Directors in scrutinising leadership, performance and effectiveness
- The annual assurance provided to the Board in meeting the conditions of our Provider Licence
- Statements relating to the Trust accounts and financial position
- The NHS Data Protection and Security Toolkit and
- Assessment against the NHS Counter Fraud Authority Standards for Providers.

The follow up of internal audit recommendations are regularly monitored by the Executive Management Team, Internal Audit and the Audit Committee. The Trust has a comprehensive risk-based internal audit plan in place and this programme was delivered in full during 2019/20.

A review of the Trust's arrangements for risk management and internal control has been carried out and Internal Audit concluded that all necessary processes (including an Assurance Framework) were in place and operating to provide me with the necessary assurance for the 2019/20 Annual Governance Statement and provide assurance that there is an effective system of internal control to manage the principal risks identified by the organisation.

The outcomes of the 2019/20 internal audit programme, reported via the Head of Internal Audit Opinion, which overall gave the Trust substantial assurance - there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently. During the year the following audit assurance outcomes were reported:

- 1 audit was assessed as High Assurance
- Four audits were assessed as Substantial Assurance
- One audit was assessed as Moderate Assurance
- One audit was assessed as Limited Assurance, and;
- No audits were assessed as No Assurance.

There were 2 high risk recommendations relating to the outcomes of the above audits which will be monitored by the committee.

The 2019/20 Internal Audit programme of audit work has provided assurance across the organisation's critical business systems, namely Financial Systems, IM&T, Performance, Quality, Workforce, Governance and Risk and Legality. Recommendations made have resulted in actions taken to further strengthen systems and controls in year. There has been effective utilisation of internal audit in respect of advice and guidance relating to the Trust's system and processes.

The provision of briefings, involvement through Mersey Internal Audit Agency learning events and information provided related to benchmarking and outcome reporting have also supported the organisation in strengthening arrangements.

During 2019/20, the Trust Clinical Audit Department participated in 100% of national clinical audits and 1 confidential enquiry which covered NHS services provided by the Trust and these are as follows:

- Adult Critical Care (ICNARC / Case Mix programme)
- Trauma Audit and Research Network (TARN)
- Falls and Fragility Fractures Audit Programme – National Audit of Inpatient Falls
- National Emergency Laparotomy Audit
- The Sentinel Stroke National Audit Programme (SSNAP)
- National Comparative Audit of Blood Transfusion (NCABT)
- Neurosurgical National Audit Programme (NNAP)
- National Audit of Care at the End of Life (NACEL)
- UK Parkinson's Audit.

## **Conclusion**

I confirm that the statements made in this report are correct for the period 1 April 2019 through to 31 March 2020 and up to the date of approval of the Annual Report and Accounts and that there have been no significant internal control or governance issues and I confirm that there were sound systems of internal control in place to support the delivery of the trust's aims and objectives.

A handwritten signature in cursive script, appearing to read 'Hayley Citrine', is positioned above the printed name and title.

**Hayley Citrine**  
**Chief Executive**  
**22 June 2020**

## Section 3 – Auditor’s Report

### Independent auditor’s report to the Council of Governors of The Walton Centre NHS Foundation Trust

#### Report on the Audit of the Financial Statements

#### Opinion

##### **Our opinion on the financial statements is unmodified**

We have audited the financial statements of The Walton Centre NHS Foundation Trust (the ‘Trust’) and its subsidiary (the ‘group’) for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Consolidated Statement of Changes in Taxpayers Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Accounts Directions issued under the National Health Service Act 2006, the NHS foundation trust annual reporting manual 2019/20 and the Department of Health and Social Care Group Accounting Manual 2019 to 2020.

In our opinion the financial statements:

- give a true and fair view of the financial position of the group and of the Trust as at 31 March 2020 and of the group’s expenditure and income and the Trust’s expenditure and income for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2019 to 2020; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the group and 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 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.

#### The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Accounting Officer and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Trust’s future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Trust's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an entity associated with these particular events.

## Conclusions relating to going concern

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

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

In our evaluation of the Accounting Officer's conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group Accounting Manual 2019 to 2020 that the Trust's financial statements shall be prepared on a going concern basis, we considered the risks associated with the group and Trust's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the Trust's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Trust will continue in operation.

### Overview of our audit approach

#### Financial statements audit

- Overall materiality: £2,550,000, which represents 1.96% of the group's gross operating expenses.
- Key audit matters were identified as:
  - PPE Valuations
  - Contract Variations and Other Operating Revenue
  - Covid-19

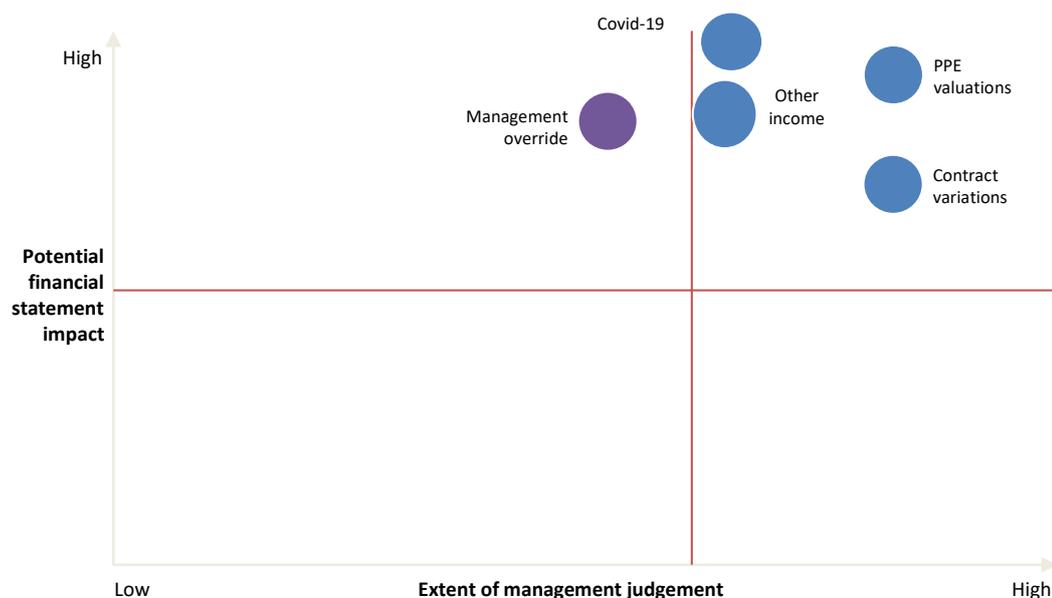


#### Conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

- We identified 1 significant risk in respect of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources (see Report on other legal and regulatory requirements section).

## Key audit matters

The graph below depicts the financial statement audit risks identified and their relative significance based on the extent of the financial statement impact and the extent of management judgement.



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

### Key Audit Matter – Trust

#### Risk 1 PPE Valuations

The Trust revalues its land and buildings annually to ensure that carrying value is not materially different from the current value in existing use at the financial statements date. The valuation represents a significant accounting estimate by management in the financial statements, which is sensitive to changes in assumptions and market conditions.

Management engage the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS), to estimate the current value of its land and buildings. The last full valuation was as at 31 March 2020.

The effects of the COVID-19 virus will affect the work carried out by the Trust's valuer in a variety of ways. Inspecting properties could prove difficult and access to evidential data, such as values of comparable assets may be less freely available. RICS Regulated

### How the matter was addressed in the audit – Trust

Our audit work included, but was not restricted to:

- evaluating management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work;
- evaluating the competence, capabilities and objectivity of the valuation expert;
- discussing with the valuer the basis on which the valuations were carried out and challenging the key assumptions applied;
- challenging the information and assumptions used by the valuer to assess completeness and consistency with our understanding;
- evaluating the assumptions made by management for any assets not revalued during the year, including how the impact of market volatility had been considered, and how management has satisfied themselves that the existing valuation were not materially different to current value as at 31 March 2020; and

## Key Audit Matter – Trust

Members have therefore been considering whether a material uncertainty declaration is now appropriate in their reports. Its purpose is to ensure that any client relying upon the valuation report understands that it has been prepared under extraordinary circumstances.

In their 2019/20 valuation report the Trust's valuer, Gerald Eve LLP, included a material uncertainty and this was disclosed in note 1.7 to the financial statements.

We therefore identified valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement

## Risk 2 Contract Variations and Other Operating Revenue

Approximately 94% of the group's operating income is from patient care activities, which includes block contracts, activity-based contracts and non-contract activities.

These contracts include the rates for, and level of, patient care activity to be undertaken by the Trust. The Trust recognises patient care activity income during the year based on the completion of these activities. This includes the block contract, which is agreed in advance at a fixed price, and patient care income from contract variations. Any patient care activities that are additional to those incorporated in these block contracts with NHS commissioners (contract variations) are subject to verification and agreement by the commissioners. As such, there is the risk that income is recognised in the accounts for these additional services that is not subsequently agreed to by the commissioners.

Due to the nature of block contracts we have not identified a significant risk of material misstatement in relation to block contracts.

Approximately 3% of the Trust's income is recorded as other operating revenues (excluding Education & Training 2% and Provider Sustainability Funding income 1%). The risk around other operating revenues is related to the improper recognition of revenue.

Education & Training income and Provider Sustainability Funding income are income streams that are principally derived from contracts that are agreed in advance at a fixed price, or in the case of Provider and Sustainability Funding agreed by NHS Improvement (NHSI), we have not identified a significant risk of material misstatement in relation

## How the matter was addressed in the audit – Trust

- testing, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Trust's asset register.

As disclosed in note 1.7 to the financial statements, the outbreak of Covid-19 has caused uncertainties in markets. As a result, the Trust's valuer has declared a 'material valuation uncertainty' in their valuation report which was carried out in February 2020 with a valuation date of 31 March 2020. The values in the valuation report have been used to inform the measurement of property assets at valuation in the financial statements.

The Trust has disclosed the estimation uncertainty related to the year-end valuations of land and buildings in note 1.21 to the financial statements and is planning to keep the valuation of the property under frequent review in 2020/21.

The Trust's accounting policy on PPE Valuations is shown in note 1.7 to the financial statements and related disclosures are included in notes 11.1, 11.2, 11.3 and 11.4.

The Trust's valuer prepared their valuations in accordance with the RICS Valuation – Global Standards using the information that was available to them at the valuation date in deriving their estimates.

### Key observations

We obtained sufficient audit assurance to conclude that:

- the basis of the valuation of land and buildings was appropriate;
- the assumptions and processes used by management in determining the estimate were reasonable; and
- the valuation of land and buildings disclosed in the financial statements is reasonable.

Our audit work included, but was not restricted to:

- evaluating the group's accounting policy for recognition of income from patient care activities and other operating revenues for appropriateness and compliance with the Department of Health and Social Care (DHSC) Group Accounting Manual (GAM) 2019/20; and
- updating our understanding of the Trust's system for recognising income from patient care activities and other operating revenues and evaluating the design of the associated controls.

### In respect of patient care income:

- identifying differences of revenue and receivable balances with other NHS bodies in excess of £300,000 using the DHSC mismatch report, and corroborating the amounts recorded by the Trust to supporting evidence, such as correspondence with other NHS bodies;
- agreeing, on a sample basis, income from contract variations and year end receivables to signed contract variations, invoices or other supporting evidence such as correspondence from the Trust's commissioners; and
- evaluating the Trust's estimates and the judgments made by management with regard to corroborating evidence in order to arrive at the total income from contract variations recorded in the financial statements.

### In respect of Other Operating Revenue:

- agreeing, on a sample basis, income and year end receivables from other operating revenue to invoices and cash payment or other supporting evidence

The Trust's accounting policy on Revenue is shown in note 1.4 to the financial statements and related disclosures are included in notes 2.1, 2.2 and 2.3.

### Key observations

We obtained sufficient audit evidence to conclude that:

- the Trust's accounting policies for recognition of income from

## Key Audit Matter – Trust

to these elements of other operating revenue. We therefore identified Contract Variations and Other Operating Revenue as a significant risk, which was one of the most significant assessed risks of material misstatement.

### Risk 3 Covid-19

The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented.

We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including, and not limited to;

- remote working arrangements and redeployment of staff to critical front-line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation;
- volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates;
- financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and
- disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties.

We therefore identified Covid-19 as a significant risk, which was one of the most significant assessed risks of material misstatement.

## How the matter was addressed in the audit – Trust

NHS contracts, contracts with customers and other income comply with the DHSC GAM 2018/19 and has been properly applied; and

- income from patient care contract variations and other operating revenues (excluding Education & Training and PSF income), and the associated receivable balances, is not materially misstated.
- Our audit work included, but was not restricted to:
- documenting and understanding the implications that the Covid-19 pandemic has had on the Trust’s ability to prepare the financial statements and updates to financial forecasts
  - liaison with other audit suppliers, regulators, and government departments to co-ordinate practical cross sector responses to issues as and when they arise.
  - consideration of the Trust’s risk register to identify risks arising from Covid-19

We have evaluated:

- the adequacy of the disclosures in the financial statements relating to the impact of the Covid-19 pandemic.
- whether sufficient audit evidence can be obtained in the absence of physical verification of assets through remote technology
- whether sufficient audit evidence can be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances.
- management’s assumptions that underpin the revised financial forecasts and the impact on management’s going concern assessment.

### Key observations

We obtained sufficient audit assurance to conclude that:

- the Trust’s disclosures are in line with the DHSC guidance relating to the impact of the COVID-19 pandemic
- financial forecasts and the cashflow analysis of the Trust supports the ability for the Trust to prepare the accounts on a going concern basis, and
- The inclusion of a material uncertainty regarding to the valuation of the Trust’s property, plant and equipment has been emphasised as a Key Audit Matter as detailed in risk 1 above.

## Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

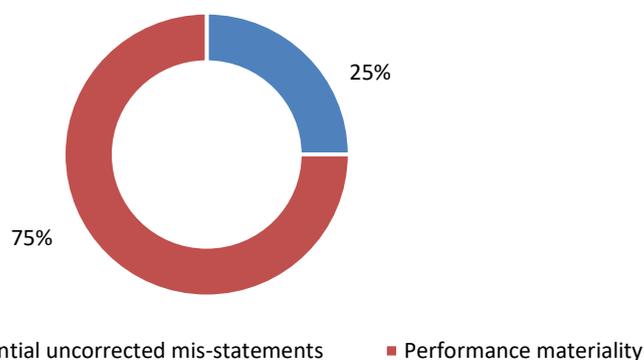
Materiality was determined as follows:

Materiality Measure	Group	Trust
Financial statements as a whole	<p>£2,550,000 which is 1.96% of the Group’s gross operating costs. This benchmark is considered the most appropriate because we consider users of the financial statements to be most interested in how the group has expended its revenue and other funding.</p> <p>Materiality for the current year is broadly at the same percentage level of gross operating costs as we determined for the year ended 31 March 2019 as we did not identify any</p>	<p>£2,540,000 which is 1.96% of the Trust’s gross operating costs. This benchmark is considered the most appropriate because we consider users of the financial statements to be most interested in how the Trust has expended its revenue and other funding.</p> <p>Materiality for the current year is broadly at the same percentage level of gross operating costs as we determined for the year ended 31 March 2019 as we did not identify any</p>

Materiality Measure	Group	Trust
	significant changes in the group or the environment in which it operates.	significant changes in the Trust or the environment in which it operates.
Performance materiality used to drive the extent of our testing	75% of financial statement materiality, to reflect the strong recent track record for producing accurate financial statements.	75% of financial statement materiality, to reflect the strong recent track record for producing accurate financial statements.
Communication of misstatements to the Audit Committee	£127,500 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£127,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Group and Trust



## An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the group's business, its environment and risk profile and, in particular, included:

- evaluation of identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality and significance of the component as a percentage of the group's total assets and income;
- updating our understanding of and evaluating the group's internal control environment, including its IT systems and controls over key financial systems;
- full scope audit procedures on The Walton Centre NHS Foundation Trust which represents 99% of the group's income and expenditure, and 98% of its total net assets;
- performing analytical procedures on the non-significant component, the Walton Centre Charity, which represents less than 1% of the group's income and expenditure, and 2% of its total net assets;
- substantive testing, on a sample basis, all of the Trust's material income streams, covering 99.9% of the Trust's revenues;
- substantive testing, on a sample basis, for 99.5% of the Trust's gross operating costs (consisting of total operating costs and net finance costs); and
- substantive testing, on a sample basis, property plant and equipment and 98% of the group's other assets and liabilities.

## **Other information**

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

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

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 6 in accordance with provision C.1.1 of the NHS Foundation Trust Code of Governance – the statement given by the directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for patients, regulators and other stakeholders to assess the group and Trust's performance, business model and strategy, is materially inconsistent with our knowledge of the Trust obtained in the audit; or
- Audit committee reporting set out on pages 50 to 54 in accordance with provision C.3.9 of the NHS Foundation Trust Code of Governance – the section describing the work of the Audit committee does not appropriately address matters communicated by us to the Audit committee.

## **Other information we are required to report on by exception under the Code of Audit Practice**

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not meet the disclosure requirements set out in the NHS foundation trust annual reporting manual 2019/20 or is misleading or inconsistent with the information of which we are aware from our audit.. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

### **Our opinion on other matters required by the Code of Audit Practice is unmodified**

In our opinion:

- the parts of the Remuneration Report and the Staff Report to be audited have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the NHS foundation trust annual reporting manual 2019/20 and the requirements of the National Health Service Act 2006; and
- based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust gained through our work in relation to the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under Schedule 10 (3) of the National Health Service Act 2006 in the course of, or at the conclusion of the audit; or
- we refer a matter to the regulator under Schedule 10 (6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or a director or officer of the Trust, is about to make, or has made, a decision which involves or would involve the incurring of expenditure that was unlawful, 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.

We have nothing to report in respect of the above matters.

### **Responsibilities of the Accounting Officer and Those Charged with Governance for the financial statements**

As explained more fully in the Statement of the Chief Executive's responsibilities as the accounting officer set out on pages 90 to 91, the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions included in the NHS foundation trust annual reporting manual 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the group's and 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 Accounting Officer has been informed by the relevant national body of the intention to dissolve the Trust and the group without the transfer of the Trust's services to another public sector entity.

The Audit Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Trust's financial reporting process.

## Auditor’s responsibilities for the audit of the financial statements

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

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

### Report on other legal and regulatory requirements – Conclusion on the Trust’s arrangements for securing economy, efficiency and effectiveness in its use of resources

#### Matter on which we are required to report by exception - Trust’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We have nothing to report in respect of the above matter.

#### Significant risks

Under the Code of Audit Practice, we are required to report on how our work addressed the significant risks we identified in forming our conclusion on the adequacy of the Trust’s arrangements for securing economy, efficiency and effectiveness in its use of resources. Significant risks are those risks that in our view had the potential to cause us to reach an inappropriate conclusion on the audited body’s arrangements. The table below sets out the significant risks we have identified. These significant risks were addressed in the context of our conclusion on the Trust’s arrangements as a whole, and in forming our conclusion thereon, and we do not provide a separate opinion on these risks.

##### Significant risks

###### Risk 1 Financial planning, reporting and delivery of financial targets

###### (Sustainable resource deployment sub-criteria)

In 2018/19 the Trust delivered a £5.8 million surplus. For the financial year ending 31 March 2020 the Trust has an agreed control total of £4.6 million surplus, including a Cost Improvement Program (CIP) target of £2.9 million. The Trust has identified some risks to the control total including the impact of a national pensions issue and an expected shortfall against its CIP target. The Trust are engaged in regular discussions with NHSI regarding the control total, with regular update reporting to the Board and the Business and Performance Committee. A financial

##### How the matter was addressed in the audit

Our audit work included, but was not restricted to:

- reviewing the monitoring arrangements in place at the Trust to keep Board members informed of progress against the control total for the financial year 2019/20; and
- assessing arrangements in place to manage the risks to the achievement of financial targets.

###### Key findings

The Trust achieved a £4.76 million surplus in delivering its services in 2019/20. This slightly exceeded its £4.58 million surplus control total agreed with the Department for Health and Social Care (DHSC) and NHS Improvement (NHSI). The increase in surplus over the control total is despite only delivering £1.5 million of planned £2.9 million of recurrent Cost Improvement Plan savings. This was largely due to non-recurrent Provider Sustainability Fund (PSF) of £1.5m received

## Significant risks

recovery plan is in place, and Executive Directors meet regularly to discuss the financial and activity position of the Trust.

## How the matter was addressed in the audit

for meeting the agreed control total, £0.1 million for bonus and incentive' funding for achievement and over performance of the planned year-end position relating to 2018/19 and £0.2 million relating to the revenue impact of donated assets

Throughout the year the financial position has been actively monitored and clearly reported to the Board through the Integrated Performance Report (IPR) which includes the current financial position and forecasted information to the year end.

The Financial trajectory set by NHE England and Improvement is a surplus of £0.517m. The Trust felt unable to deliver its Financial Improvement Trajectory as it is currently constructed so this is reflected in the projection of a £316k deficit in their budget which was approved by the Business Performance Committee with delegated authority from the board in February 2020. However, normal financial planning for 2020/21 was suspended following an announcement on 17 of March 2020 due to the Covid-19 global pandemic.

The new temporary finance regime set block contracts between providers and their main commissioners for a four-month period to the end of July 2020 based on activity levels of the month 9 2019/20 Agreement of Balances exercise. These block contracts are amended through an over or under top up payment to providers to a move them to break-even position.

Overall, we concluded that the Trust has appropriate arrangements in place for monitoring and reporting to the Board on financial performance and for managing the risks to non-delivery of financial targets.

## Responsibilities of the Accounting Officer

The Accounting Officer is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

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

We are required under paragraph 1 of Schedule 10 of the National Health Service Act 2006 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects, the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020, and to report by exception where we are not satisfied.

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 be satisfied that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

## **Report on other legal and regulatory requirements - Certificate**

We certify that we have completed the audit of the financial statements of The Walton Centre NHS Foundation Trust in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

## **Use of our report**

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Trust's Council of Governors 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 Trust and the Trust's Council of Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

***JD Roberts***

**Jon Roberts, Key Audit Partner**

for and on behalf of Grant Thornton UK LLP, Local Auditor

**Bristol**

**25 June 2020**

## **Section 4 – Financial Accounts**

### **The Walton Centre NHS Foundation Trust**

#### **Accounts for the period ending 31 March 2020**

The following presents the accounts for the Walton Centre NHS Foundation Trust for the period ending 31 March 2020.

The accounts have been prepared in accordance with the requirements as set out in paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006 (the 2006 Act) in the form which NHS Improvement, the Independent Regulator of NHS Foundation Trusts has, with the approval of the Treasury, directed.



**Signed**

**Hayley Citrine**

**Chief Executive 22 June 2020**

## STATEMENT OF COMPREHENSIVE INCOME

2018/19			2019/20	
Foundation Trust	Group		Foundation Trust	Group
£000	£000	Note	£000	£000
117,488	117,488	Operating income from patient care activities	128,094	128,094
12,713	13,261	Other operating income	8,180	8,869
(122,420)	(122,836)	Operating expenses	(129,502)	(129,832)
<b>7,781</b>	<b>7,913</b>	<b>OPERATING SURPLUS/(DEFICIT) FROM CONTINUING OPERATIONS</b>	<b>6,772</b>	<b>7,131</b>
		<b>Finance Costs</b>		
114	139	Finance income	158	185
(673)	(673)	Finance expenses	(645)	(645)
(1,450)	(1,450)	PDC Dividends payable	(1,530)	(1,530)
<b>(2,009)</b>	<b>(1,984)</b>	<b>Net Finance Costs</b>	<b>(2,017)</b>	<b>(1,990)</b>
(3)	(3)	Other gains/(losses)	2	2
<b>5,769</b>	<b>5,926</b>	<b>Surplus/(deficit) for the year from continuing operations</b>	<b>4,757</b>	<b>5,143</b>
<b>5,769</b>	<b>5,926</b>	<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>4,757</b>	<b>5,143</b>
		<b>Other comprehensive income</b>		
		<b>Will not be reclassified to income and expenditure:</b>		
(1,177)	(1,177)	Impairments	(572)	(572)
0	17	Fair value gains/(losses) on equity instruments designated at fair value through OCI	0	(4)
<b>4,592</b>	<b>4,767</b>	<b>TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD</b>	<b>4,185</b>	<b>4,567</b>
		<b>Surplus/(deficit) for the period attributable to:</b>		
5,769	5,926	The Walton Centre NHS Foundation Trust	4,757	5,143
<b>5,769</b>	<b>5,926</b>	<b>TOTAL</b>	<b>4,757</b>	<b>5,143</b>

**Total comprehensive income/(expense)  
for the period attributable to:**

4,592	4,767	The Walton Centre NHS Foundation Trust	4,185	4,567
<b>4,592</b>	<b>4,767</b>	<b>TOTAL</b>	<b>4,185</b>	<b>4,567</b>

## Reconciliation from financial statements to the Trust trading position

Foundation Trust		Foundation Trust
£000		£000
5,769	Surplus/(deficit) from continuing operations	4,757
	<b>Normalising adjustments:</b>	
0	Impairment/(reversal of impairment) of land and buildings	0
170	Capital donations I&E impact	200
0	Prior year PSF post accounts reallocation	(106)
<u>5,939</u>	<b>Adjusted financial performance surplus/(deficit) for the period</b>	<u>4,851</u>
<u>1,242</u>	<b>Adjusted financial performance excluding PSF, FRF and MRET</b>	<u>3,469</u>

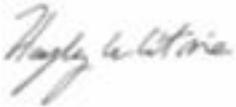
The Notes on pages 139 to 184 form part of these accounts:

**STATEMENT OF FINANCIAL  
POSITION**

31-Mar-19				31-Mar-20	
Foundation Trust	Group		Note	Foundation Trust	Group
£000	£000			£000	£000
34	34	<b>Non-current assets</b>			
		Intangible assets	10	49	49
82,084	82,084	Property, plant and equipment	11.3	82,590	82,590
0	971	Other investments/financial assets	12	0	967
0	0	Receivables	14.1	341	341
<b>82,118</b>	<b>83,089</b>	<b>Total non-current assets</b>		<b>82,980</b>	<b>83,947</b>
		<b>Current assets</b>			
985	985	Inventories	13.1	1,232	1,232
12,463	12,459	Receivables	14.1	8,946	8,922
21,713	22,258	Cash and cash equivalents	15	26,673	27,624
<b>35,161</b>	<b>35,702</b>	<b>Total current assets</b>		<b>36,851</b>	<b>37,778</b>
<b>117,279</b>	<b>118,791</b>	<b>Total Assets</b>		<b>119,831</b>	<b>121,725</b>
		<b>Current liabilities</b>			
(18,703)	(18,748)	Trade and other payables	16	(17,340)	(17,385)
(1,636)	(1,636)	Borrowings	17.1	(1,633)	(1,633)
(312)	(312)	Provisions	18.1	(243)	(243)
(541)	(541)	Other liabilities	19	(562)	(562)
<b>(21,192)</b>	<b>(21,237)</b>	<b>Total current liabilities</b>		<b>(19,778)</b>	<b>(19,823)</b>
<b>96,087</b>	<b>97,554</b>	<b>Total assets less current liabilities</b>		<b>100,053</b>	<b>101,902</b>
		<b>Non-current liabilities</b>			
(26,595)	(26,595)	Borrowings	17.1	(25,146)	(25,146)
(271)	(271)	Provisions	18.1	(622)	(622)
<b>(26,866)</b>	<b>(26,866)</b>	<b>Total non-current liabilities</b>		<b>(25,768)</b>	<b>(25,768)</b>
<b>69,221</b>	<b>70,688</b>	<b>Total assets employed</b>		<b>74,285</b>	<b>76,134</b>
		<b>Financed by</b>			

		<b>Taxpayers' equity</b>			
26,675	26,675	Public Dividend Capital	26	27,554	27,554
3,116	3,116	Revaluation reserve	21	2,544	2,544
39,430	39,430	Income and expenditure reserve		44,187	44,187
		<b>Others' equity</b>			
0	1,467	Charitable fund reserves	28	0	1,849
<b>69,221</b>	<b>70,688</b>	<b>Total taxpayers' and others' equity</b>		<b>74,285</b>	<b>76,134</b>

The financial statements and notes on pages 129 to 184 were approved by the Board on 22 June 2020 and signed on its behalf by:



**Hayley Citrine**  
**Chief Executive**  
**22 June 2020**

## Consolidated Statement of Changes in Equity for the year ended 31 March 2020

Group	Group					Foundation Trust			
	Total Group equity	Charitable fund reserves	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total Taxpayers equity	Public dividend capital	Revaluation reserve	Income and expenditure reserve
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Taxpayers' and others' equity at 1 April 2019 - brought forward</b>	<b>70,688</b>	<b>1,467</b>	<b>26,675</b>	<b>3,116</b>	<b>39,430</b>	<b>69,221</b>	<b>26,675</b>	<b>3,116</b>	<b>39,430</b>
Surplus/(deficit) for the year	<b>5,143</b>	478	0	0	4,665	<b>4,757</b>	0	0	4,757
Impairments	<b>(572)</b>	0	0	<b>(572)</b>	0	<b>(572)</b>	0	<b>(572)</b>	0
Fair value gains/(losses) on equity instruments designated at fair value through OCI	<b>(4)</b>	<b>(4)</b>	0	0	0	<b>0</b>	0	0	0
Public dividend capital received	<b>879</b>	0	879	0	0	<b>879</b>	879	0	0
Other reserve movements	<b>0</b>	<b>(92)</b>	0	0	92	<b>0</b>	0	0	0
<b>Taxpayers' and others' equity at 31 March 2020</b>	<b>76,134</b>	<b>1,849</b>	<b>27,554</b>	<b>2,544</b>	<b>44,187</b>	<b>74,285</b>	<b>27,554</b>	<b>2,544</b>	<b>44,187</b>

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

Group	Group					Foundation Trust			
	Total Group equity	Charitable fund reserves	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total	Public dividend capital	Revaluation reserve	Income and expenditure reserve
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Taxpayers' and others' equity at 1 April 2018 - brought forward</b>	<b>65,910</b>	<b>1,293</b>	<b>26,663</b>	<b>4,293</b>	<b>33,661</b>	<b>64,617</b>	<b>26,663</b>	<b>4,293</b>	<b>33,661</b>
Surplus/(deficit) for the year	<b>5,926</b>	282	0	0	5,644	<b>5,769</b>	0	0	5,769
Impairments	<b>(1,177)</b>	0	0	<b>(1,177)</b>	0	<b>(1,177)</b>	0	<b>(1,177)</b>	0
Fair value gains/(losses) on equity instruments designated at fair value through OCI	<b>17</b>	17	0	0	0	<b>0</b>	0	0	0
Public dividend capital received	<b>12</b>	0	12	0	0	<b>12</b>	12	0	0
Other reserve movements	<b>0</b>	<b>(125)</b>	0	0	125	<b>0</b>	0	0	0
<b>Taxpayers' and others' equity at 31 March 2019</b>	<b>70,688</b>	<b>1,467</b>	<b>26,675</b>	<b>3,116</b>	<b>39,430</b>	<b>69,221</b>	<b>26,675</b>	<b>3,116</b>	<b>39,430</b>

## STATEMENT OF CASH FLOWS

2018/19		2019/20	
Foundation Trust	Group	Foundation Trust	Group
£000	£000	Note	£000
<b>Cash flows from operating activities</b>			
7,781	7,913		6,772
		<b>Operating surplus/(deficit)</b>	<b>7,131</b>
<b>Non-cash income and expense:</b>			
5,083	5,083		4,802
		Depreciation and amortisation	4,802
(58)	0		(29)
		Income recognised in respect of capital donations	0
(3,760)	(3,762)		3,167
		(Increase)/decrease in receivables	3,166
225	225		(248)
		(Increase)/decrease in inventories	(248)
3,760	3,760		(3,313)
		Increase/(decrease) in trade and other payables	(3,313)
29	29		21
		Increase/(decrease) in other liabilities	21
19	19		282
		Increase/(decrease) in provisions	282
0	9		0
		Movements in charitable fund working capital	9
4	4		1
		Other movements in operating cash flows	1
<b>13,083</b>	<b>13,280</b>		<b>11,455</b>
		<b>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>11,851</b>
<b>Cash flows from investing activities:</b>			
114	114		158
		Interest received	158
0	0		(31)
		Purchase of Intangible Assets	(31)
(5,211)	(5,211)		(3,914)
		Purchase of property, plant and equipment	(3,914)
8	8		2
		Sales of property, plant and equipment	2
58	0		29
		Receipt of cash donations to purchase capital assets	29
0	(119)		0
		NHS charitable funds: net cash flows from investing activities	40
<b>(5,031)</b>	<b>(5,208)</b>		<b>(3,756)</b>
		<b>Net cash generated from/(used in)</b>	<b>(3,745)</b>

		<b>investing activities</b>		
		<b>Cash flows from financing activities:</b>		
12	12	Public dividend capital received	879	879
(1,263)	(1,263)	Movement in loans from the Department of Health and Social Care	(1,396)	(1,396)
(52)	(52)	Capital element of finance lease rental payments	(50)	(50)
(672)	(672)	Interest on loans	(641)	(641)
(10)	(10)	Interest paid on finance lease liabilities	(9)	(9)
(1,523)	(1,523)	PDC Dividend paid	(1,522)	(1,522)
<b>(3,508) (3,508)</b>		<b>Net cash generated from/(used in) financing activities</b>		
<b>4,544 4,564</b>		<b>Increase/(decrease) in cash and cash equivalents</b>		
17,169	17,694	Cash and Cash equivalents at 1 April	15	21,713 22,258
<b>21,713 22,258</b>		<b>Cash and Cash equivalents at 31 March</b>		
			15	<b>26,673 27,624</b>

## Accounting Policies

NHS Improvement, in exercising the statutory functions conferred on Monitor, is responsible for issuing an accounts direction to NHS Foundation Trusts under the NHS Act 2006. NHS Improvement has directed that the financial statements of NHS Foundation Trusts shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (DHSC GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the DHSC GAM 2019/20, issued by the Department of Health and Social Care. The accounting policies contained in the DHSC GAM follow International Financial Reporting Standards (IFRS) and HM Treasury's Financial Reporting Manual (FRoM) to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the DHSC GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the NHS Foundation Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

### 1.1 Accounting Convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

### 1.2 Going concern

Following extensive enquiries, the directors have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. They have identified no material uncertainties that cast significant doubt on the Trust's ability to continue as a going concern. For this reason, they continue to adopt the going concern basis in preparing the accounts.

The main factors in reaching this conclusion are:

- Trust is in excellent financial health with good levels of reserves and has a track record of delivering surpluses;
- The Trust has a robust governance structure which includes a Business Performance Committee, a sub-committee of the Board, which has responsibility to monitor financial performance and oversee the necessary corrective action on behalf of and in conjunction with the Board;
- NHS England/Improvement have stated that the government has issued a mandate to NHSE for the continued provision of services in 2020/21 and CCG allocations have been set for the remainder of 2020/21. While these may be subject to minor changes as a result of the Covid-19 financial framework, providers can therefore continue to expect NHS funding to flow at similar levels to that previously provided where services are reasonably still expected to be commissioned;
- While mechanisms for contracting and payment are not definitively in place, it is clear that NHS services will continue to be funded, and government funding is in place for this;
- The Trust has been prudent in its cash flow assumptions for 2020/21 by utilising the current financial framework of a breakeven position and incorporating the impact of capital expenditure, repayment of Public Dividend Capital, repayment of interest and capital on Department of Health and Social Care loans and the movement in working balances for the rest of the year;

- Projected cash balances are sufficient to sustain the capital investment programme and meet short term operating costs. The Trust has sufficient cash headroom to support its plans;
- The Trust has sufficient cash reserves to be able to operate for over 79 days if all income flows were to immediately cease;
- There is no expectation for short term loans or overdraft facilities;
- Auditors' opinions have provided assurance as to the accuracy and reliability of the Trust's financial systems and the robustness of the internal controls;
- The Trust does not have evidence indicating that the going concern basis is not appropriate or that there is any prospect of intervention or dissolution within 12 months from the date of approval of these financial statements. In terms of the sustainable provision of services, there has been no indication from the Department of Health and Social Care that the Trust will not continue to be a going concern.

### **1.3 Consolidation**

#### ***The Walton Centre Charity***

The Trust is the corporate trustee to The Walton Centre Charity (the Charity). The Trust has assessed its relationship to the Charity 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 Charity and has the ability to affect those returns and other benefits through its power over the Charity.

The Charity'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.

### **1.4 Revenue**

The main source of revenue for the Trust is contracts with commissioners in respect of healthcare services. Revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where a patient care spell is incomplete at the year end, revenue relating to the partially complete spell is accrued in the same manner as other revenue.

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

Revenue is recognised to the extent that collection of consideration is probable. Where contract challenges from commissioners are expected to be upheld, the Trust reflects this in the transaction price and derecognises the relevant portion of income.

Where the Trust is aware of a penalty based on contractual performance, the Trust reflects this in the transaction price for its recognition of revenue. Revenue is reduced by the value of the penalty.

The Trust does not receive income where a patient is readmitted within 30 days of discharge from a previous planned stay. This is considered an additional performance obligation to be satisfied under the original transaction price.

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

The main source of revenue for the Trust is from NHS England (via the North West Specialised Commissioning Hub) for specialist treatment, Liverpool Clinical Commissioning Group for non-specialist services (as contract lead for the majority of non-specialist CCG activity), Welsh Assembly for patients from Wales and from the Isle of Man, which are government funded commissioners of NHS health and patient care.

#### ***Revenue from Research Contracts***

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

## **1.5 Expenditure on Employee Benefits**

### ***Short-term employee benefits***

Salaries, wages and employment-related payments, including payments arising from 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 the employees are permitted to carry forward leave into the following period where it is deemed to be material.

### ***Pension costs***

Past and present employees are covered by the provisions of the NHS Pensions Scheme (the Scheme). The Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. It is not possible for the Trust to identify its share of the underlying Scheme assets and liabilities. Therefore, the Scheme is accounted for as a defined contribution scheme. The cost to the Trust of participating in the Scheme is equal to the contributions payable to the Scheme for the accounting period.

Employer's pension cost contributions are charged to the Statement of Comprehensive Income 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.

The Scheme is subject to a full actuarial valuation every four years and an accounting valuation every year.

## **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.

## **1.7 Property, Plant and Equipment**

### ***Capitalisation***

Property, plant and equipment is capitalised where:

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

The asset must:

- Individually have a cost of at least £5,000; or
- Collectively have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, have broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost.

### ***Valuation***

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

Land and buildings used for the Trust's services or for administrative purposes are measured subsequently at current value in existing use. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the Statement of Financial Position date. Current values in existing use are based on modern equivalent assets basis for existing use on an alternative site valuation.

The freehold property known as The Walton Centre NHS Foundation Trust estate was valued as at 31 March 2020 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation – Global Standards (2020) the national standards and guidance set out in the UK supplement (November 2018), the International Valuation Standards, and IFRS as adapted and interpreted by the Financial Reporting Manual (FRM). The valuation of specialised property was primarily derived using the Depreciated Replacement Cost (DRC) method, other in-use properties reported on an Existing Use Value basis.

The valuation exercise was carried out in March 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020, the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into 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 or 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 measured reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance is charged to the Statement of Comprehensive Income in the period in which it is incurred.

### ***Depreciation***

Items of property, plant and equipment are depreciated over their remaining useful economic lives 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. Assets in the course of construction are not depreciated until the assets are brought into use. The estimated useful lives and residual values are reviewed each year-end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their estimated useful lives or, where shorter, the lease term, unless the Trust expects to acquire the asset at the end of the lease term, in which case the asset is depreciated in the same manner as for owned assets. Property, plant and equipment which has been reclassified as 'held for sale' ceases to be depreciated upon the reclassification.

### ***Revaluation gains and losses***

Revaluation gains are taken to the revaluation reserve except where, and to the extent that, they reverse a revaluation decrease for the same asset previously recognised in the Statement of Comprehensive Income, in which case it is credited to the Statement of Comprehensive Income. A revaluation loss that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, is charged to the Statement of Comprehensive Income.

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

### ***Impairments***

At each Statement of Financial Position date, the Trust reviews its tangible and intangible non-current assets to determine whether there is an indication that any have suffered impairment due to a loss of economic benefits or service potential. If there is an indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount.

In accordance with the DHSC 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; or (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefits 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 expenses to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised. Other impairments must be taken to the revaluation reserve to the extent that the impairment does not exceed the amount in

the revaluation reserve for the asset in question, and thereafter to income and expenditure. Reversals of 'other impairments' are treated as revaluation gains.

### ***Donated, government grant and other grant funded assets***

Donated and grant funded property, plant and equipment assets are capitalised at current value in existing use if they will be held for their service potential, or otherwise at their fair value on receipt. The donation/grant is credited to the Statement of Comprehensive 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.

## **1.8 Intangible Assets**

### ***Recognition***

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

Expenditure on research activities is recognised as an expense in the period in which it is incurred and is not capitalised. Intangible assets are capitalised when they have a cost of at least £5,000.

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 Trust intends to complete the intangible asset and sell or use it;
- The Trust has the ability to sell or use the intangible asset;
- How the intangible asset will generate probable future economic or service delivery benefits, e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- Adequate technical, financial and other resources are available to the Trust to complete the development and sell or use the asset;
- The Trust can measure reliably the expenditure attributable to the intangible asset during its development.

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

### ***Measurement***

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

Subsequently, intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of amortised replacement cost (modern equivalent asset basis) and the value in use where the asset is income generating. Revaluation gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5. Internally-developed software is held at historic cost to reflect the opposite effects of development costs and technological advances.

Intangible assets not yet available for use are tested for impairment annually.

### ***Amortisation***

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

## **1.9 Inventories**

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

## **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 any bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management. Cash, bank and any overdraft balances are recorded at current values.

## **1.11 Financial Instruments and Financial Liabilities**

### ***Recognition and de-recognition***

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs (i.e. when receipt or delivery of the goods or services is made).

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

### ***Classification and measurement***

IFRS 9 requires the Trust to classify financial assets and financial liabilities in accordance with how they are subsequently measured. Financial assets must be classified as subsequently measured at:

- 'Amortised cost';
- 'Fair value through other comprehensive income'; or
- '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.

Simple debt instruments such as trade receivables and loans, where these are held in order to collect the amount owing and any interest charge, will be classified as subsequently measured at amortised cost. As such, 'amortised cost' is the only category relevant to the Trust.

The Charity investments are measured at fair value.

Financial assets and financial liabilities are initially recognised at fair value plus or minus directly attributable transaction costs for financial assets and financial liabilities 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 liabilities are classified as subsequently measured at:

- 'Amortised cost'; or
- 'Fair value through profit or loss.'

All of the Trust's financial liabilities are categorised as subsequently measured at 'amortised cost.'

### ***Financial assets at amortised cost***

Financial assets measured at amortised cost are those held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and where the cash flows are solely payments of principal and interest. This includes most trade receivables, loans receivable, and other simple debt instruments. They are included in current assets.

The Trust's financial assets at amortised cost comprise:

- Current investments;
- Cash and cash equivalents;
- NHS receivables;
- Accrued income; and
- Other receivables.

After initial recognition, these financial assets are measured at amortised cost using the effective interest method, less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the life of the financial asset to the gross carrying amount of the financial asset.

### ***Financial liabilities at amortised cost***

Financial liabilities at amortised cost are recognised in the Statement of Financial Position when the Trust 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.

After initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability to the amortised cost of the financial liability. In the case of DHSC loans that would be the nominal rate charged on the loan.

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

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to finance costs.

### ***Impairment of financial assets***

For all financial assets measured at amortised cost or at fair value through other comprehensive income (except equity instruments designated at fair value through other comprehensive income), lease receivables and contract assets, the Trust recognises a loss allowance representing expected credit losses on the financial instrument.

The Trust adopts the simplified approach to impairment, in accordance with IFRS 9, and measures the loss allowance for trade receivables, contract assets and lease receivables at an amount equal to lifetime expected credit losses. For other financial assets, the loss allowance is measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition (stage 2), and otherwise at an amount equal to 12-month expected credit losses (stage 1).

HM Treasury has ruled that central government bodies may not recognise stage 1 or stage 2 impairments against other government departments, their executive agencies, the Bank of England, Exchequer Funds, and Exchequer Funds' assets where repayment is ensured by primary legislation. The Trust therefore does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies. Additionally, the Department of Health and Social Care provides a guarantee of last resort against the debts of its arm's length bodies and NHS bodies (excluding NHS charities), and the Trust does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies.

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 the estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

### **1.12 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.

Property, plant and equipment held under finance leases are initially recognised, at the commencement of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Statement of Comprehensive [Income / Net Expenditure].

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.

### **1.13 Provisions**

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount as a result of a past event; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury.

Early retirement provisions are discounted using HM Treasury's pension discount rate of negative 0.50% (2018-19: positive 0.29%) in real terms.

### ***Clinical negligence costs***

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. The contribution is charged to the Statement of Comprehensive Income. 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 in Note 18 but is not recognised in the Trust's accounts. The excess on these claims payable by the Trust is included in the accounts and disclosed in Note 18 as 'other legal claims.'

### ***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 the Statement of Comprehensive Income when the liability arises.

## **1.14 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 Trust's control) are not recognised as assets, but are disclosed in Note 20 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 20, 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 Trust's control; or
- Present obligations arising from past events but for which it is not probable that transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

## **1.15 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 the establishment of the predecessor NHS Trust. HM Treasury has determined that, being issued under statutory authority rather than under contract, PDC is not a financial instrument within the meaning of IAS 32.

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

- Donated assets (including lottery funded assets);
- 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

- Any PDC dividend balance receivable or payable.

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

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.

### **1.16 Value Added Tax**

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

### **1.17 Corporation Tax**

HM Treasury has decided to defer the planned implementation of legislation requiring NHS Foundation Trusts to pay corporation tax on profits generated on their commercial activities. As a result NHS Foundation Trusts will not become taxable on their profits. This may change with future Government legislation.

### **1.18 Foreign Currencies**

The Trust operates and accounts for its transactions in sterling. Transactions denominated in a foreign currency are translated into sterling at the spot exchange rate on the date of the transaction. Resulting exchange gains and losses are taken to the Statement of Comprehensive Income. At the Statement of Financial Position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the Statement of Financial Position date.

### **1.19 Third Party Assets**

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in Note 27 to the accounts.

### **1.20 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 each individual case is handled.

Losses and Special Payments are charged to the relevant functional headings in the Statement of Comprehensive Income on an accruals basis, including losses which would have been made good through insurance cover had the Trust not been bearing its own risks (with insurance premiums then being included as normal revenue expenditure).

Note 29 on Losses and Special Payments is compiled directly from the losses and compensations register which is prepared on a cash basis.

### **1.21 Critical Accounting Judgements and Key Sources of Estimation**

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### ***Critical judgements in applying accounting policies***

In the process of applying the Trust's accounting policies, management has not been required to make any judgements, apart from those involving estimations, which has had a significant effect on the amounts recognised in the financial statements.

#### ***Key sources of estimation uncertainty***

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the Statement of Financial Position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Valuation and impairment of non-financial assets – the Trust assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The key area of uncertainty relates to the Trust's valuation of its land and buildings. Further details are provided in Note 9. The land and buildings were valued by Gerald Eve LLP as at 31 March 2020.

Valuer material valuation uncertainty statement:

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported as being subject to ‘material valuation uncertainty’ as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation under frequent review.

For the avoidance of doubt, the inclusion of the ‘material valuation uncertainty’ declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation. The following are the key highlights from this review.

### **1.22 Operating Segments**

The Trust operates as a single operating segment. The board of directors, led by the Chief Executive is the chief operating decision maker within the Trust. The Trust is the UK's only specialist neurological centre and sees patients with neurological associated conditions referred from all over the country. Contracts for services are negotiated with commissioners and monitored on the basis of point of delivery, inpatients, outpatients etc. As an NHS Foundation Trust, all services are subject to the same regulatory environment and standards.

### **1.23 Accounting standards that have been issued but have not yet been adopted**

The DHSC GAM does not require the following Standards and Interpretations to be applied in 2019/20. These standards are still subject to HM Treasury FReM adoption, with IFRS 16 being for implementation in 2021/22, and the government implementation date for IFRS 17 still subject to HM Treasury consideration.

- IFRS 16 Leases – The Standard is effective 1 April 2021 as adapted and interpreted by the FReM.
- 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 16 Leases

IFRS 16 Leases will replace *IAS 17 Leases*, *IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations and is applicable in the public sector for periods beginning 1 April 2021. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

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

On transition to IFRS 16 on 1 April 2021, the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 1.27% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. No adjustments will be made on 1 April 2021 for existing finance leases.

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

**Note 2.1 OPERATING INCOME (by source)**

2018/19			2019/20	
Foundation Trust	Group		Foundation Trust	Group
£000	£000		£000	£000
<b>Income from patient care activities</b>				
80,004	80,004	NHS England	89,774	89,774
16,571	16,571	Clinical commissioning groups	16,308	16,308
222	222	NHS Foundation Trusts	190	190
79	79	NHS Trusts	44	44
841	841	Department of Health and Social Care	0	0
17,672	17,672	NHS other (including Public Health England)	19,210	19,210
174	174	Non NHS: private patients	142	142
94	94	Non-NHS: overseas patients (chargeable to patient)	44	44
386	386	Injury cost recovery scheme	372	372
1,445	1,445	Non-NHS: other	2,010	2,010
<b>117,488</b>	<b>117,488</b>	<b>Total income from patient care activities</b>	<b>128,094</b>	<b>128,094</b>
<b>Other operating income from contracts with customers</b>				
1,707	1,707	Research and development (IFRS 15)	1,119	1,119
3,403	3,403	Education and training (excluding notional apprenticeship levy income)	2,654	2,654
4,697	4,697	Provider sustainability fund / Financial recovery fund / Marginal rate emergency tariff funding (PSF/FRF/MRET)	1,488	1,488
1,077	1,077	Income in respect of employee benefits accounted on a gross basis	1,189	1,189
968	968	Other (recognised in accordance with IFRS 15)	2.3 810	810
<b>Other non-contract operating income</b>				
0	0	Education and training (notional	64	64

		apprenticeship levy income)		
125	0	Charitable and other contributions to expenditure	92	0
736	736	Rental revenue from operating leases	764	764
0	673	Charitable incoming resources (excluding investment income)	0	781
<b>12,713</b>	<b>13,261</b>	<b>Total other operating income</b>	<b>8,180</b>	<b>8,869</b>
<b>130,201</b>	<b>130,749</b>	<b>TOTAL OPERATING INCOME</b>	<b>136,274</b>	<b>136,963</b>
		<b>Of which:</b>		
130,201	130,749	Related to continuing operations	136,274	136,963

All income from activities and the income in respect of education and training arise from the provision of mandatory services set out in the NHS Improvement terms of authorisation.

NHS other includes income for patients from Wales, Scotland and Northern Ireland. Non-NHS other includes income for patients from the Isle of Man and Overseas.

**Note 2.2 Operating income from patient care activities (by nature)**

<b>2018/19</b>	<b>Foundation Trust and Group</b>	<b>2019/20</b>
<b>£000</b>		<b>£000</b>
	<b>Acute services</b>	
28,580	Elective income	29,037
17,211	Non-elective income	19,700
11,091	First outpatient income	10,796
17,583	Follow-up outpatient income	17,697
13,775	High cost drugs income from commissioners	14,980
27,269	Other NHS clinical income	32,019
	<b>Community services</b>	
578	Income from CCGs and NHS England	599
	<b>All trusts</b>	
174	Private patient income	142
841	Agenda for Change pay award central funding*	0
0	Additional pension contribution central funding**	2,752
386	Other clinical income	372
<b>117,488</b>	<b>Total income from activities</b>	<b>128,094</b>
	<b>Of which:</b>	
117,488	Related to continuing operations	128,094

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

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

## Note 2.3 Analysis of Other Operating Income: Other

2018/19			2019/20		
Foundation Trust	Group		Foundation Trust	Group	
£000	£000		£000	£000	
118	118	Car parking	91	91	
21	21	Catering	22	22	
154	154	Clinical excellence awards	157	157	
675	675	Other	540	540	
<b>968</b>	<b>968</b>	<b>Total</b>	<b>810</b>	<b>810</b>	

## Note 2.4 Operating lease income

2018/19	Foundation Trust and Group	2019/20
£000		£000
	<b>Operating Lease Income</b>	
736	Lease receipts recognised as income in the period	764
<b>736</b>	<b>TOTAL</b>	<b>764</b>
	<b>Future minimum lease receipts due</b>	
355	- not later than one year;	391
1,296	- later than one year and not later than five years;	1,289
17,085	- later than five years.	16,766
<b>18,736</b>	<b>TOTAL</b>	<b>18,446</b>

The operating lease income relates to the lease of land to The Clatterbridge Cancer Centre NHS FT to build a radiotherapy and stereotactic surgery centre, the lease of the coffee shops to ISS, and the lease of part of the Sid Watkins building to Mersey Care NHS FT for their brain injury rehabilitation unit.

### Note 3.1 OPERATING EXPENSES (by type)

2018/19			2019/20	
Foundation Trust	Group		Foundation Trust	Group
£000	£000		£000	£000
68,662	68,817	Staff and executive directors costs	72,825	72,989
988	988	Employee expenses - research & development	901	901
251	251	Employee expenses - education & training	264	264
124	124	Remuneration of non-executive directors	122	122
17,483	17,483	Supplies and services - clinical (excluding drugs costs)	17,745	17,745
3,820	3,820	Supplies and services - general	3,722	3,722
15,128	15,128	Drug costs	16,278	16,278
145	145	Consultancy costs	72	72
967	967	Establishment	1,027	1,027
5,040	5,040	Premises	5,320	5,320
383	383	Transport (including patient travel)	366	366
5,053	5,053	Depreciation on property, plant and equipment	4,786	4,786
30	30	Amortisation on intangible assets	16	16
(892)	(892)	Movement in credit loss allowance: contract receivables/contract assets	99	99
32	32	Change in provisions discount rate(s)	39	39
		Audit fees payable to the external auditor		
47	48	audit services- statutory audit	62	63
7	7	other auditor remuneration (external auditor only)	0	0
65	65	Internal audit costs	66	66
2,808	2,808	Clinical negligence	3,607	3,607
26	26	Legal fees	76	76
28	28	Insurance	33	33

570	570	Research and development	396	396
492	492	Education and training	428	428
103	103	Rentals under operating leases	104	104
434	434	Car parking & security	440	440
4	4	Hospitality	3	3
18	18	Losses, ex gratia & special payments	38	38
117	117	Other services, eg external payroll	330	330
0	260	Other NHS charitable fund resources expended	0	165
487	487	Other	337	337
<b>122,420</b>	<b>122,836</b>	<b>TOTAL OPERATING EXPENSES</b>	<b>129,502</b>	<b>129,832</b>
		<b>Of which:</b>		
122,420	122,836	Related to continuing operations	129,502	129,832

The external auditors' liability is limited to £2,000,000. Audit fees are shown inclusive of VAT.

## Note 3.2 EMPLOYEE BENEFITS

2018/19			2019/20		
Foundation Trust	Group		Foundation Trust	Group	
£000	£000		£000	£000	
55,314	55,314	Salaries and wages	55,914	55,914	
5,089	5,089	Social security costs	5,385	5,385	
257	257	Apprenticeship levy	258	258	
6,040	6,040	Employer's contributions to NHS pensions	9,042	9,042	
0	0	Pension cost - other	48	48	
307	307	Termination benefits	57	57	
3,522	3,522	Temporary staff (including agency)	4,182	4,182	
0	155	NHS charitable funds staff	0	164	
<b>70,529</b>	<b>70,684</b>	<b>Total staff costs</b>	<b>74,886</b>	<b>75,050</b>	
		<b>Of which</b>			
(628)	(628)	Costs capitalised as part of assets	(896)	(896)	
<b>69,901</b>	<b>70,056</b>		<b>73,990</b>	<b>74,154</b>	

## Note 4 Retirement Benefits

### Foundation Trust and Group

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](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation,

the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

#### **a) Accounting valuation**

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

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

#### **b) Full actuarial (funding) valuation**

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

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

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

#### **Note 5 Retirements due to Ill-health**

##### **Foundation Trust and Group**

During the period 1 April 2019 to 31 March 2020 there were no early retirements due to ill health.

### Note 6.1 Operating leases

2018/19	Foundation Trust and Group	2019/20
£000		£000
103	Minimum lease payments	104
<b>103</b>	<b>TOTAL</b>	<b>104</b>

### Note 6.2 Arrangements containing an operating lease

2018/19	Foundation Trust and Group	2019/20
£000		£000
	Future minimum lease payments due:	
103	- not later than one year;	104
<b>103</b>	<b>TOTAL</b>	<b>104</b>

### Note 7.1 Finance income

Foundation Trust	Group		Foundation Trust	Group
2018/19	2018/19		2019/20	2019/20
£000	£000		£000	£000
0	25	NHS charitable fund investment income	0	27
114	114	Bank interest	158	158
<b>114</b>	<b>139</b>	<b>TOTAL</b>	<b>158</b>	<b>185</b>

## Note 7.2 Finance Expenditure

Foundation Trust	Group		Foundation Trust	Group
2018/19	2018/19		2019/20	2019/20
£000	£000		£000	£000
<b>Interest expense</b>				
663	663	Interest on capital loans from the Department of Health and Social Care	635	635
10	10	Interest on finance lease obligations	9	9
<b>673</b>	<b>673</b>	<b>Total interest expense</b>	<b>644</b>	<b>644</b>
0	0	Unwinding of discount on provisions	1	1
<b>673</b>	<b>673</b>	<b>TOTAL</b>	<b>645</b>	<b>645</b>

## Note 8 Gains/(Losses) on disposal

2018/19	Foundation Trust and Group	2019/20
£000		£000
5	Gain on disposal of property, plant and equipment	2
(8)	Loss on disposal of property, plant and equipment	0
0	Gains/losses on disposal of charitable fund assets	0
<b>(3)</b>	<b>Total gains / (losses) on disposal of assets</b>	<b>2</b>

## Note 9 Impairment of assets

2018/19	Foundation Trust and Group	2019/20
£000		£000
	<b>Net impairments charged to operating surplus / deficit resulting from:</b>	
1,177	Impairments charged to the revaluation reserve	572
<b>1,177</b>	<b>Total revaluation/net impairments</b>	<b>572</b>

During 2019/20 following a review of the Trust's assets, including a revaluation of land and buildings by the Trust's valuers, a net impairment of £572,411 was identified:

- £1,000,500: related to an impairment of the Sid Watkins land and building charged against the revaluation reserve; and
- £428,089: related to a gain of the main site land and building transferred to the revaluation reserve.

In 2018/19, £1,176,964 impairment was identified: £49,710 related to a net impairment of the Sid Watkins land and building charged against the revaluation reserve; £1,127,254 related to a net impairment of land and buildings charged against the revaluation reserve. Further details of the valuation are included in Note 1. There have been no impairments identified on other assets in the Trust (2018/19: none).

## Note 10 Intangible assets

Foundation Trust and Group	Software licences (purchased)	
	2018/19	2019/20
	£000	£000
<b>Valuation/Gross cost at 1 April</b>	<b>582</b>	<b>582</b>
Additions - purchased	0	31
<b>Gross cost at 31 March</b>	<b>582</b>	<b>613</b>
<b>Amortisation at 1 April</b>	<b>518</b>	<b>548</b>
Provided during the year	30	16
<b>Accumulated amortisation at 31 March</b>	<b>548</b>	<b>564</b>
<b>Net Book Value at 31 March</b>	<b>34</b>	<b>49</b>

Software assets are carried at historic cost and amortised on a straight-line basis over a period of five years. Software assets in use at the Trust have economic lives of between three and five years.

**Note 11.1 Property, Plant and Equipment - 2019/20**

<b>Foundation Trust and Group</b>	<b>Total</b>	<b>Land</b>	<b>Buildings Excluding Dwellings</b>	<b>Assets Under Construction</b>	<b>Plant &amp; Machinery</b>	<b>Information Technology</b>	<b>Furniture &amp; Fittings</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Valuation/gross cost at 1 April 2019</b>	<b>102,747</b>	<b>1,570</b>	<b>64,503</b>	<b>167</b>	<b>29,565</b>	<b>6,203</b>	<b>739</b>
Additions - purchased	5,835	0	301	1,224	3,032	1,278	0
Additions - assets purchased from cash donations/grants	29	0	14	0	15	0	0
Impairments	(2,040)	(190)	(1,850)	0	0	0	0
Reclassifications	0	0	1,246	(1,246)	0	0	0
Disposals/derecognition	(123)	0	0	0	(123)	0	0
<b>Valuation/Gross cost at 31 March 2020</b>	<b>106,448</b>	<b>1,380</b>	<b>64,214</b>	<b>145</b>	<b>32,489</b>	<b>7,481</b>	<b>739</b>
<b>Accumulated depreciation at 1 April 2019</b>	<b>20,663</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,247</b>	<b>4,044</b>	<b>372</b>
Provided during the year	4,786	0	1,468	0	2,297	980	41
Impairments	(1,468)	0	(1,468)	0	0	0	0
Disposals/derecognition	(123)	0	0	0	(123)	0	0
<b>Accumulated depreciation at 31 March 2020</b>	<b>23,858</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,421</b>	<b>5,024</b>	<b>413</b>

## Note 11.2 Property, Plant and Equipment – 2018/19

Foundation Trust and Group	Total	Land	Buildings excluding dwellings	Assets Under Construction	Plant & Equipment	Information Technology	Furniture & fittings
	£000	£000	£000	£000	£000	£000	£000
<b>Valuation/Gross cost at 1 April 2018</b>	<b>101,338</b>	<b>1,880</b>	<b>65,571</b>	<b>176</b>	<b>27,649</b>	<b>5,322</b>	<b>739</b>
Additions - purchased	4,747	0	329	1,027	2,682	709	0
Additions - leased	172	0	0	0	0	172	0
Additions - donated	58	0	47	0	11	0	0
Impairments	(2,790)	(310)	(2,480)	0	0	0	0
Reclassifications	0	0	1,036	(1,036)	0	0	0
Disposals	(778)	0	0	0	(778)	0	0
<b>Valuation/Gross cost at 31 March 2019</b>	<b>102,747</b>	<b>1,570</b>	<b>64,503</b>	<b>167</b>	<b>29,564</b>	<b>6,203</b>	<b>739</b>
<b>Accumulated depreciation at 1 April 2018</b>	<b>17,989</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,659</b>	<b>3,005</b>	<b>326</b>
Provided during the year	5,053	0	1,613	0	2,355	1,039	46
Impairments	(1,613)	0	(1,613)	0	0	0	0
Disposals	(766)	0	0	0	(766)	0	0
<b>Accumulated depreciation at 31 March 2019</b>	<b>20,663</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,248</b>	<b>4,044</b>	<b>372</b>

## Note 11.3 Property, plant and equipment financing

<b>Foundation Trust and Group</b>	<b>Total</b>	<b>Land</b>	<b>Buildings excluding dwellings</b>	<b>Assets Under Construction</b>	<b>Plant &amp; Equipment</b>	<b>Information Technology</b>	<b>Furniture &amp; Fittings</b>
<b>Net book value 31 March 2020</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Owned	80,772	1,380	64,157	145	12,442	2,346	302
Finance lease	157	0	0	0	45	112	0
Owned - donated	1,661	0	57	0	1,580	0	24
<b>Total net book value at 31 March 2020</b>	<b>82,590</b>	<b>1,380</b>	<b>64,214</b>	<b>145</b>	<b>14,067</b>	<b>2,458</b>	<b>326</b>
<b>Net book value 31 March 2019</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Owned	80,010	1,570	64,456	167	11,462	2,014	341
Finance lease	210	0	0	0	64	146	0
Owned - donated	1,864	0	47	0	1,791	0	26
<b>Total net book value at 31 March 2019</b>	<b>82,084</b>	<b>1,570</b>	<b>64,503</b>	<b>167</b>	<b>13,317</b>	<b>2,160</b>	<b>367</b>

The Trust's land and buildings comprise the hospital site on Lower Lane, Fazakerley, Liverpool. The main hospital building was built in 1998 and the Sid Watkins Building was completed in December 2014. The site was revalued as at 31 March 2020 by Gerald Eve LLP as disclosed in Note 1.

**Note 11.4 Economic life of property, plant and equipment**

<b>Foundation Trust and Group</b>	<b>Min Life</b>	<b>Max Life</b>
	<b>Years</b>	<b>Years</b>
Buildings excluding dwellings	40	53
Plant & machinery	5	15
Information technology	3	10
Furniture & fittings	5	25

## Note 12 Other investments

<b>31-Mar-19</b>	<b>Foundation Trust and Group</b>	<b>31-Mar-20</b>
<b>£000</b>		<b>£000</b>
<b>812</b>	<b>Carrying value of investments at 1 April</b>	<b>971</b>
1,063	Acquisitions in the year	0
17	Fair value movements taken to OCI for equity instruments designated as fair value through OCI	(4)
(921)	Disposals	0
<b>971</b>	<b>Carrying value of investments at 31 March</b>	<b>967</b>

Investments held relate to the The Walton Centre Charity

## Note 13.1 Inventories

<b>31-Mar-19</b>	<b>Foundation Trust and Group</b>	<b>31-Mar-20</b>
<b>£000</b>		<b>£000</b>
985	Consumables	1,232
<b>985</b>	<b>TOTAL Inventories</b>	<b>1,232</b>

## Note 13.2 Inventories Recognised in Expenses

<b>31-Mar-19</b>	<b>Foundation Trust and Group</b>	<b>31-Mar-20</b>
<b>£000</b>		<b>£000</b>
9,655	Inventories recognised in expenses	9,663
<b>9,655</b>	<b>TOTAL Inventories recognised in expenses</b>	<b>9,663</b>

**Note 14.1 Trade receivables and other receivables**

<b>31-Mar-19</b>			<b>31-Mar-20</b>		
<b>Foundation Trust</b>	<b>Group</b>		<b>Foundation Trust</b>	<b>Group</b>	
<b>£000</b>	<b>£000</b>	<b>Current</b>	<b>£000</b>	<b>£000</b>	
11,281	11,281	Contract receivables	7,986	7,986	
(367)	(367)	Allowance for impaired contract receivables / assets	(426)	(426)	
686	686	Prepayments (non-PFI)	573	573	
52	52	PDC dividend receivable	44	44	
149	149	VAT receivable	330	330	
662	631	Other receivables	439	410	
0	27	NHS charitable funds receivables	0	5	
<b>12,463</b>	<b>12,459</b>	<b>Total current receivables</b>	<b>8,946</b>	<b>8,922</b>	
		<b>Non-current</b>			
0	0	Other receivables	341	341	
<b>0</b>	<b>0</b>	<b>Total non-current receivables</b>	<b>341</b>	<b>341</b>	
		<b>Of which receivable from NHS and DHSC group bodies:</b>			
7,607	7,607	Of which are receivables from NHS and DHSC group bodies	6,767	6,767	
0	0	Non-current	341	341	

**Note 14.3 Allowances for credit losses - 2018/19**

Foundation Trust and Group	Contract receivables and contract assets	All other receivables
	£000	£000
<b>Allowances as at 1 Apr 2018</b>	<b>0</b>	<b>1,260</b>
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	1,260	(1,260)
New allowances arising	105	0
Reversals of allowances	(997)	0
Utilisation of allowances (write offs)	(1)	0
<b>Allowances as at 31 Mar 2019</b>	<b>367</b>	<b>0</b>

**Note 15 Cash and cash equivalents**

31-Mar-19			31-Mar-20		
Foundation Trust	Group		Foundation Trust	Group	
£000	£000		£000	£000	
17,169	17,694	<b>At 1 April</b>	21,713	22,258	
4,544	4,564	Net change in year	4,960	5,366	
<b>21,713</b>	<b>22,258</b>	<b>At 31 March</b>	<b>26,673</b>	<b>27,624</b>	
		<b>Comprising:</b>			
52	597	Cash at commercial banks and in hand	16	967	
21,661	21,661	Cash with the Government Banking Service	26,657	26,657	
<b>21,713</b>	<b>22,258</b>	<b>Cash and cash equivalents as in SoFP</b>	<b>26,673</b>	<b>27,624</b>	
<b>21,713</b>	<b>22,258</b>	<b>Cash and cash equivalents as in SoCF</b>	<b>26,673</b>	<b>27,624</b>	

## Note 16 Trade and other payables

31-Mar-19			31-Mar-20	
Foundation Trust	Group		Foundation Trust	Group
£000	£000		£000	£000
		<b>Current</b>		
9,059	9,059	Trade payables	2,696	2,696
884	884	Capital payables (including capital accruals)	2,834	2,834
4,703	4,703	Accruals (revenue costs only)	8,679	8,679
723	723	Social security costs	750	750
686	686	Other taxes payable	664	664
2,648	2,648	Other payables	1,717	1,717
0	45	NHS charitable funds: trade and other payables	0	45
<b>18,703</b>	<b>18,748</b>	<b>TOTAL CURRENT TRADE AND OTHER PAYABLES</b>	<b>17,340</b>	<b>17,385</b>
4,151	4,151	Of which payable to NHS and DHSC group bodies	3,282	3,282

## Note 17.1 Borrowings

31-Mar-19	Foundation Trust and Group	31-Mar-20
£000		£000
		<b>Current</b>
1,587	Capital loans from the Department of Health	1,581
49	Obligations under finance leases	52
<b>1,636</b>	<b>TOTAL CURRENT BORROWINGS</b>	<b>1,633</b>
		<b>Non-current</b>
26,427	Capital loans from the Department of Health and Social Care	25,031
168	Obligations under finance leases	115
<b>26,595</b>	<b>TOTAL OTHER NON CURRENT LIABILITIES</b>	<b>25,146</b>

## Note 17.2 Reconciliation of Liabilities Arising from Financing Activities

Foundation Trust and Group	Loans from DHSC	Finance leases	Total
	£000	£000	£000
<b>Carrying value at 1 April 2019</b>	<b>28,014</b>	<b>217</b>	<b>28,231</b>
<b>Cash movements:</b>			
Financing cash flows - payments and receipts of principal	(1,396)	(50)	(1,446)
Financing cash flows - payments of interest	(641)	(9)	(650)
<b>Non-cash movements:</b>			
Application of effective interest rate (interest charge arising in year)	635	9	644
<b>Carrying value at 31 March 2020</b>	<b>26,612</b>	<b>167</b>	<b>26,779</b>

## Note 18.1 Provisions for liabilities and charges

Foundation Trust and Group	Current		Non-current	
	31-Mar-20 £000	31-Mar-19 £000	31-Mar-20 £000	31-Mar-19 £000
Pensions - early departure costs	29	28	281	271
Other legal claims	17	43	0	0
Other	197	241	341	0
<b>Total</b>	<b>243</b>	<b>312</b>	<b>622</b>	<b>271</b>

**Note 18.2 Provisions for liabilities and charges analysis - 2019/20**

Foundation Trust and Group	Total	Pensions - early departure costs	Legal claims	Other
	£000	£000	£000	£000
<b>At 1 April 2019</b>	<b>583</b>	<b>299</b>	<b>43</b>	<b>241</b>
Change in the discount rate	39	39	0	0
Arising during the year	368	0	10	358
Utilised during the year - cash	(45)	(28)	(17)	0
Reversed unused	(80)	0	(19)	(61)
<b>At 31 March 2020</b>	<b>865</b>	<b>310</b>	<b>17</b>	<b>538</b>
<b>Expected timing of cash flows:</b>				
- not later than one year	243	29	17	197
- later than one year and not later than five years	163	116	0	47
- later than five years	459	165	0	294
<b>TOTAL</b>	<b>865</b>	<b>310</b>	<b>17</b>	<b>538</b>

### Note 18.3 Provisions for liabilities and charges analysis - 2018/19

Foundation Trust and Group	Total	Pensions - early departure costs	Legal claims	Other
	£000	£000	£000	£000
<b>At 1 April 2018</b>	<b>564</b>	<b>295</b>	<b>28</b>	<b>241</b>
Change in the discount rate	32	32	0	0
Arising during the year	27	0	27	0
Utilised during the year - accruals	(9)	0	(9)	0
Utilised during the year - cash	(28)	(28)	0	0
Reversed unused	(3)	0	(3)	0
<b>At 31 March 2019</b>	<b>583</b>	<b>299</b>	<b>43</b>	<b>241</b>
<b>Expected timing of cash flows:</b>				
- not later than one year	312	28	43	241
- later than one year and not later than five years	114	114	0	0
- later than five years	157	157	0	0
<b>TOTAL</b>	<b>583</b>	<b>299</b>	<b>43</b>	<b>241</b>

The pension provision relates to the anticipated costs for the enhanced element of ill-health pensions for former employees. These entitlements are explained in Note 4.

The provision for legal charges is in respect of legal claims accounted for as described in the accounting policies in Note 1. The figures are provided by NHS Resolution.

£32,908,723 (2018/19: £48,364,688) is included in the provisions of NHS Resolution at 31 March 2020 in respect of clinical negligence liabilities of the Trust.

The other provision relates to claims for potential underpayments in respect of salaries to doctors on call where the incorrect rate may have been paid in the past. The provision has previously been reduced following confirmation that only Deanery trainees would have the right to claim.

## Note 19 Other liabilities

31-Mar-19	Foundation Trust and Group	31-Mar-20
£000		£000
541	Deferred income	562
<b>541</b>	<b>TOTAL OTHER CURRENT LIABILITIES</b>	<b>562</b>

## Note 20 Contingencies

The Trust has £23,006 contingent liabilities relating to NHS Resolution cases as at 31 March 2020 (2018/19: £31,864). There have been no contingent assets or other contingent liabilities recognised at 31 March 2020 (2018/19: nil).

## Note 21 Revaluation Reserve

Foundation Trust and Group	Total revaluation reserve £000	Property, plant and equipment £000
Revaluation Reserve at 1 April 2019	3,116	3,116
Net impairments	(572)	(572)
Revaluation reserve at 31 March 2020	<b>2,544</b>	<b>2,544</b>

Foundation Trust and Group	Total revaluation reserve £000	Property, plant and equipment £000
Revaluation reserve at 1 April 2018	4,293	4,293
Net impairments	(1,177)	(1,177)
Revaluation reserve at 31 March 2019	<b>3,116</b>	<b>3,116</b>

The impairments, reversals and revaluations relate to the impact of the land and building valuations on The Walton Centre carried out by Gerald Eve LLP as at 31 March 2020.

## Note 22 Capital Commitments

At 31 March 2020 the Trust had capital commitments of £107,970 (31 March 2019: £1,103,000) in relation to contractual commitments for capital items.

### Note 23.1 Financial instruments

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 its 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 considered its exposure to the following financial risks:

- **Currency Risk** – the Trust has no overseas operations and the majority of transactions are sterling based. Foreign currency transactions arise from purchases of equipment and supplies from overseas providers and a small proportion of charitable investments. However, these are not significant in value or number of transactions and the Trust therefore has low exposure to currency rate fluctuations;
- **Interest Rate Risk** – the Trust has loans for its capital expansion programme. However, these are at fixed rates with the Independent Trust Financing Facility. The Trust therefore has low exposure to interest rate fluctuations;
- **Credit Risk** – the majority of the Trust's revenue is from contracts with other public sector bodies. The Trust holds significant cash balances but these are also held through the Government Banking Service. Therefore the Trust has low exposure to credit risk. The Charity uses a commercial bank but its cash balances are not material to the Group. The Charity's investments are managed through external investment managers. Investments are held in UK multi-asset pooled charity funds. The maximum exposure on receivables at 31 March 2020 is disclosed in Note 14 Trade Receivables and Other Receivables; and
- **Liquidity Risk** – the Trust's operating costs are incurred principally under contracts with commissioners. Capital expenditure is funded principally for the provision of public sector services. The Trust is not exposed to significant liquidity risk.

### Note 23.2 Fair Value of Non-current Financial Assets

The Charity held investments at 31 March 2020 with a fair value of £967,154 (31 March 2019: £970,933). The book value of these assets is £999,999.

### Note 23.3 Financial assets by category

	Foundation Trust		Group		
	Total carrying value	Held at amortised cost	Total	Held at amortised cost	Held at fair value through OCI
	£000	£000	£000	£000	£000
<b>Carrying values of financial assets as at 31 March 2020</b>					
Trade and other receivables excluding non financial assets	7,956	7,956	7,956	7,956	0
Cash and cash equivalents	26,673	26,673	26,673	26,673	0
Consolidated NHS Charitable fund financial assets	0	0	1,918	951	967
<b>Total at 31 March 2020</b>	<b>34,629</b>	<b>34,629</b>	<b>36,547</b>	<b>35,580</b>	<b>967</b>
	Total carrying value	Held at amortised cost	Total	Held at amortised cost	Held at fair value through OCI
	£000	£000	£000	£000	£000
<b>Carrying values of financial assets as at 31 March 2019</b>					
Trade and other receivables excluding non financial assets	10,940	10,940	10,940	10,940	0
Cash and cash equivalents	21,713	21,713	21,713	21,713	0
Consolidated NHS Charitable fund financial assets	0	0	1,516	545	971
<b>Total at 31 March 2019</b>	<b>32,653</b>	<b>32,653</b>	<b>34,169</b>	<b>33,198</b>	<b>971</b>

## Note 23.4 Financial liabilities by category

	Foundation Trust		Group	
	Total	Held at amortised cost	Total	Held at amortised cost
	£000	£000	£000	£000
<b>Carrying values of financial liabilities as at 31 March 2020</b>				
Loans from the Department of Health and Social Care	<b>26,612</b>	26,612	<b>26,612</b>	26,612
Obligations under finance leases	<b>167</b>	167	<b>167</b>	167
Trade and other payables excluding non financial liabilities	<b>15,004</b>	15,004	<b>15,004</b>	15,004
<b>Total at 31 March 2020</b>	<b>41,783</b>	<b>41,783</b>	<b>41,783</b>	<b>41,783</b>

	Foundation Trust		Group	
	Total	Held at amortised cost	Total	Held at amortised cost
	£000	£000	£000	£000
<b>Carrying values of financial liabilities as at 31 March 2019</b>				
Loans from the Department of Health and Social Care	<b>28,014</b>	28,014	<b>28,014</b>	28,014
Obligations under finance leases	<b>217</b>	217	<b>217</b>	217
Trade and other payables excluding non financial liabilities	<b>14,863</b>	14,863	<b>14,863</b>	14,863
<b>Total at 31 March 2019</b>	<b>43,094</b>	<b>43,094</b>	<b>43,094</b>	<b>43,094</b>

## Note 23.5 Fair Value of Financial Assets and Liabilities

The Trust has used book value (carrying value) as an approximation of fair value.

## Note 24 Events after the Statement of Financial Position Date

The Directors are not aware of any event after the Statement of Financial Position date and up to the date that the financial statements were approved which will affect the accounts.

## Note 25 Public Dividend Capital

NHS Trusts are required to pay a dividend of 3.5% of their average net relevant assets to the Department of Health. This is calculated on a full financial year. The dividend is payable in two instalments in September and March.

## Note 26 Third Party Balances

At 31 March 2020 the Trust held £1,919.46 on behalf of patients (31 March 2018: £928).

## Note 27 Related Party Transactions

The Walton Centre NHS Foundation Trust is a public interest body authorised by NHS Improvement, the Independent Regulator for NHS Foundation Trusts. During the period none of the Board members or members of the key management staff, or parties related to them, has undertaken any material transactions with The Walton Centre NHS Foundation Trust.

The Department of Health and Social Care is a related party as the parent department of the Trust. During the period The Walton Centre NHS Foundation 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. These entities are listed below:

- NHS England;
- Health Education England;
- NHS Liverpool CCG;
- NHS South Sefton CCG;
- NHS Warrington CCG;
- NHS Wirral CCG;
- Liverpool University Hospital NHS Foundation Trust; and
- NHS Resolution.

In addition the Trust has had material transactions with the following central government body:

- Welsh Assembly Government including all Welsh Health bodies.

In 2012/13, Liverpool Health Partners Ltd, a company limited by guarantee, was set up between the University of Liverpool, Liverpool University Hospital NHS FT, Alder Hey Children's NHS FT, The Clatterbridge Cancer Centre NHS FT, Liverpool Women's NHS FT, The Walton Centre NHS FT, Liverpool Heart and Chest NHS FT and Liverpool School of Tropical Medicine. The objects of the company are to advance education, health, learning and research by facilitating world class research among the partners. Each organisation has a single share in the company and the Chief Executives are ex-officio directors of the company. A contribution of £100,000 (2018/19: £82,000) was made to the company to enable it to carry out its objectives.

The Trust's Council of Governors comprise 17 elected Governors, 4 staff Governors and 12 appointed Partnership Governors. Governors are drawn from a range of stakeholders including patient groups, neurological charities, research and academic groups, CCGs, Local Authorities, NHS England NHS Improvement and Wales. Therefore, many, by the nature of their appointment, have interests in organisations with whom the Trust contracts. A register of interests is maintained and declarations of interests are given at each Governor meeting.

Since 2013/14 the Trust has included The Walton Centre Charity as a subsidiary because the Trust has the power to govern the financial and operating policies of the Fund so as to obtain benefits from its activities for itself, its patients or its staff. Transactions between the Trust and the Charity are not material and are eliminated on consolidation. Assets held by the Charity are to be used for charitable purposes only.

The financial activity of the Charity during 2019/20 and its balance sheet at 31 March 2020 are summarised as:

<b>Summary statement of financial activities</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£'000</b>	<b>£'000</b>
Operating income (incoming resources excluding investment income)	698	808
Operating expenditure	(541)	(422)
<b>Net (outgoing)/incoming resources before other recognised gains and losses</b>	<b>157</b>	<b>387</b>
Fair value gains/(losses) on equity instruments designated at fair value through OCI	17	(4)
<b>Net movement in funds</b>	<b>174</b>	<b>383</b>
<b>Summary balance sheet</b>	<b>31-Mar-18</b>	<b>31-Mar-19</b>
	<b>£'000</b>	<b>£'000</b>
<b>Non-current assets</b>		
Other investments/financial assets	971	967
<b>Total non-current assets</b>	<b>971</b>	<b>967</b>
<b>Current assets</b>		
Receivables	27	5
Cash and cash equivalents	545	951
<b>Total current assets</b>	<b>572</b>	<b>956</b>
<b>Current liabilities</b>		
Trade and other payables	(76)	(74)
<b>Total current liabilities</b>	<b>(76)</b>	<b>(74)</b>
<b>Total net assets</b>	<b>1,467</b>	<b>1,849</b>
Unrestricted funds	1,467	1,849
<b>Total funds</b>	<b>1,467</b>	<b>1,849</b>

**Note 28 Losses and Special Payments**

During the period the Trust made 7 (2018/19: 7) special payments with a total value of £24,166 (2018/19: £6,243). Of these £23,000 (2018/19: £5,691) related to payments in respect of 3 (2018/19: 3) claims by third parties which are handled by NHS Resolution. The Trust also wrote off 9 (2018/19: 12) debts with a total value of £245 (2018/19: £842). No items of stock were written off due to loss, damage or expiry.

