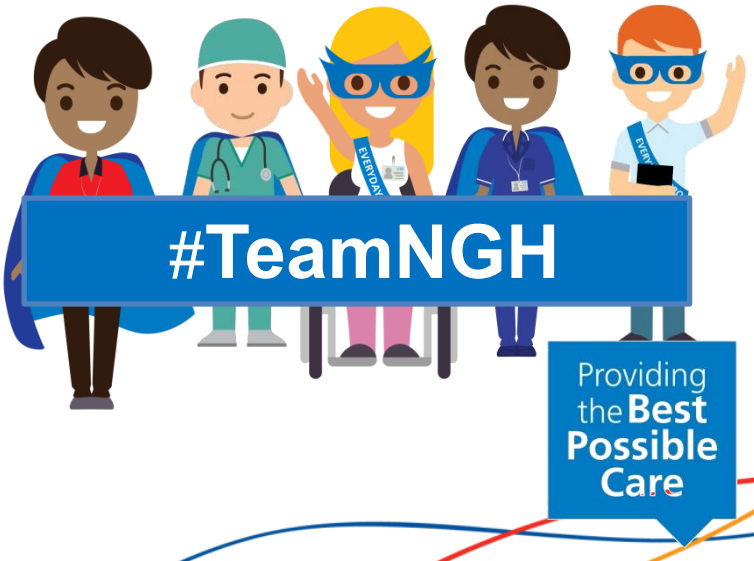
UNIVERSITY OF LEICESTER
Associate Teaching Hospital

NHS
Northampton General Hospital
NHS Trust

ANNUAL REPORT AND ACCOUNTS 2019/20

We put patient safety above all else
We aspire to excellence
We reflect, we learn, we improve
We respect and support each other



CONTENTS

All NHS organisations are required to publish an annual report and financial statements at the end of each financial year. This report provides an overview of the work of Northampton General Hospital NHS Trust between 1 April 2019 and 31 March 2020.

The report is made up of three parts:

SECTION ONE:

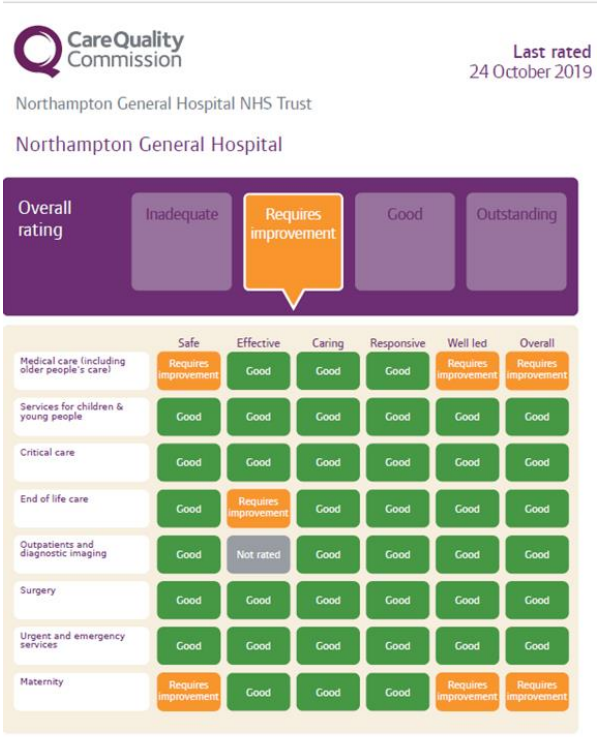
PERFORMANCE REPORT

Chairman and Chief Executive's Introduction

Throughout 2019-2020 we have sustained our commitment to providing the Best Possible Care for our patients and reaffirmed our commitment to our core values.

The challenging environment in which we operate is shaped by population growth, a rise in the number of older people within our local community and increasing emergency pressures which have stretched our staff and resources. This has also had an impact on our ability to meet some key performance targets.

We saw unprecedented levels of activity during the year as demand for our services rose. This impacted on our ability to sustain and improve our services even further and was reflected in our overall rating by the Care Quality Commission of 'Requires Improvement' following their inspection of core services in June/July 2019.



At the same time, however, inspectors from the CQC found a number of examples of outstanding practice, including NGH being the first hospital in the UK to be awarded Pathway to Excellence accreditation, our collaboration with the University of Northampton to develop a Masters-level programme in Quality Improvement, being accredited by UNICEF UK as a baby-friendly hospital for the second time and being the only maternity service in the East Midlands to successfully demonstrate compliance against all ten maternity safety actions set out by the clinical negligence scheme for trusts (CNMST) maternity incentive scheme, launched by NHS Resolution in 2018.

The majority of our services, including urgent emergency care, end of life care, critical care, surgery, services for children and young people, and outpatients and diagnostic imaging continue to be rated as 'Good' by the CQC. It was also noted that our staff treated people with respect, kindness and compassion. Our services were reported to be responsive and our staff were seen to work as a cohesive team to benefit patients.

Throughout the year we continued to develop our contingency plans in the event of a no-deal Brexit. Our Brexit planning group, led by our chief operating officer/deputy chief executive oversaw the work needed to ensure that our continuity plans were sufficiently developed and robust, with the flexibility needed to adapt to the outcome of negotiations.

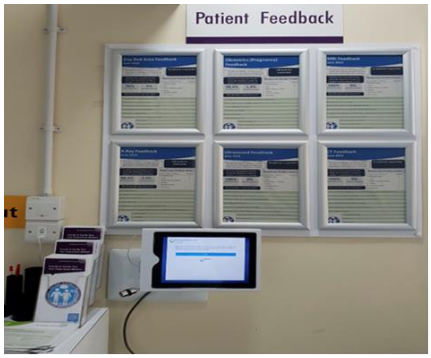
Improving our patients' experience

We have undertaken many pieces of work to improve patient experience across the hospital, which include:

- Visiting times were changed to offer more flexibility for our patients' carers, relatives and friends. This was well received by patients and provided more time throughout the day for discussions with clinicians, as well as easing some of the pressures of car parking.
- Our emergency department (ED) implemented a 'Majors Light' process whereby patients who would wait longer due to being lower acuity are now seen quickly and directed to appropriate services away from ED.
- The pharmacy department have focussed on patients understanding of medication and have introduced a number of new initiatives to improve this. This includes the introduction of ward based pharmacists within certain wards and an analgesia box within ED to improve response to pain relief.

We recruited a cohort of twenty-five patient experience champions, including ward clerks, specialist nurses, healthcare assistants, Northamptonshire carers, discharge coordinators and many more. They receive information on patient experience within the hospital which they then share with their area and identify small projects they can work on and take forward. These include:

- Creating discharge information boards for patients, on Walter Tull and Knightley
- Installing a patient feedback station within Radiology, displaying results and giving patients an opportunity to provide feedback
- Undertaking a review of finger food boxes for dementia patients (Collingtree)
- Creating bespoke bedside information leaflets for patients, including information specific to the ward such as 'Fry-up-Friday' (Talbot Butler)



During the year we had an active recruitment campaign to increase the number of Patient and Family Partners (PFPs), who work with us to ensure the voice of the patient is heard. There are currently 21 PFPs active within the hospital, who sit within many groups and collaborate on a number of projects.

During 2019 we were delighted to host Young Healthwatch Northamptonshire volunteers who took part in activities to find out more about NGH and to give them a taste of future careers in the NHS.

The volunteers took part in an action-packed day; meeting staff, tasting food, hearing about children and young people's feedback as patients and trying out some fun features at the hospital which allows for a better stay for young people.

We were delighted to be shortlisted for two Patient Experience Network National Awards, the ceremony was due to held in March 2020 but has now been postponed. As part of our response to the Covid-19 pandemic, which

meant visitors were not allowed onto the hospital site unless in exceptional circumstances, our patient experience and volunteer teams came together to ensure our patients could keep in touch with their loved ones.

With the support of the Northamptonshire Health Charity and the generosity of our local community we were able to purchase iPods, mobile devices and tablets so that patients could have online conversations with relatives. We also introduced a drop-off service for relatives to leave items that would then be taken to their loved one in hospital. In addition we implemented a one-stop telephone enquiry service, which reduced the number of calls to our wards and released staff to provide front line care to patients and an email letter/message writing service 'To my loved one' which has been extremely popular.

The support of our local community before and during the Covid-19 pandemic has been overwhelming. On behalf of TeamNGH I want to thank everyone for their continued support.

Our volunteers

Throughout the year our volunteer service has flourished. Our new volunteer strategy was approved by the Board during the year, with a key focus to promote wider community engagement and ensure we achieve a more diverse range of volunteers which is inclusive and representative of our local community.

With the support of NHS England and Northamptonshire Health Charity we were able to launch our response volunteer service in 2019. This flexible and dynamic team of volunteers can react immediately to the needs of our services. Roles include pharmacy deliveries, supporting the wards, offering companionship and additional deliveries throughout the hospital.

The onset of the Covid-19 pandemic saw a new focus and direction for our volunteer service in mid-March 2020. Many of our longstanding volunteers were required to adhere to government guidance to 'Stay at Home' and had to suspend their volunteering. In response we instigated an extensive three week recruitment campaign which led to the successful recruitment of 150 new volunteers.
Our new volunteers have enhanced the response team and we are now able to provide most of our wards with a dedicated volunteer. This change of emphasis for volunteer services has demonstrated our ability to quickly react to the changing needs of NGH.

Forward look

Our response to COVID-19 will continue to be a key focus for the foreseeable future. The immediate health and care response to COVID-19 has been exceptional across the health and care sector in the UK and the outbreak has changed the way we work bringing in significant transformation occurring despite the immense pressure. For that reason there is an overwhelming national realisation that this is the time to rebuild the NHS

We have now put in place the plans we need to lead us into restoration, reset and redesign of services. We aim to continue to harness the enthusiasm and commitment of the staff who planned and worked through the COVID-19 plans from the beginning so that they can also be involved in helping us to plan the next phase of our response to COVID-19. We are following the national guidance asking us to consider how some services can be safely re-instated whilst we retain an ability to respond to further surges in COVID-19.

As we move forward to 2020/2021it is with a sense of pride and optimism. Pride in the continued commitment and support of our staff, volunteers and local community and optimism that, through the unified sense of purpose that we are developing with our partners at Kettering General Hospital, we will ensure the services we provide meet the needs of the people of Northamptonshire and that all our staff feel proud of what the care they provide and all they achieve.

Dr Sonia Swart
Chief Executive Officer

Alan Burns
Chairman

Our highlights of 2019-2020

April 2019
We appointed two specialist midwives to support pregnant mums and their new babies by providing a dedicated vaccination service

May 2019
We were named a Veteran Aware hospital in recognition of our commitment to improving NHS care for veterans, reservists, members of the armed forces and their families.

June 2019
Nurses, Holly Slyne and Gillian Smith receive a silver award from Chief Nursing Officer for England, Dr Ruth May, for going above and beyond the expectations of their role.

July 2019
We celebrate our longest serving employee of 50 years Hilary Hart, medical secretary.

Nursing associates Nadeza and Emma are the first nursing associates in the UK to be awarded with the Cavell star award for their outstanding contribution in raising the profile of the nursing associate role.

August 2019
Our finance team is awarded with the Future Focused Finance Towards Excellence Accreditation at level one.

The award, which lasts for three years, recognised our continuous development of the finance department and the work they do for our patients.

Resuscitation vending machines are installed in the hospital to provide easier access to equipment and reduce waste.

September 2019
The outpatient contact centre opened for the head and neck directorate in September.

The contact centre aims to provide a single contact point for booking and rescheduling appointments.

Thirteen winners are crowned in the annual Best Possible Care awards. Over 200 nominations were received for individuals and teams throughout the hospital.

We launched our Baby Book Club in conjunction with Baby Basics to provide local families with books for their babies to promote development

October 2019
We fought off competition from hospital across the country to win the Best Use of Data award at the Health Tech Awards 2019. The winning submission was the result of a new system designed to help with the challenges of the patient journey throughout their time in hospital.

In October 2019 volunteer Gillian Welch celebrated her 90th birthday while volunteering at her regular spot on the Billing Road entrance welcome desk. Staff joined together to wish Gillian a happy birthday, share birthday cake and present a small gift.

November 2019

Two new maternity teams Sapphire and Emerald are launched to support pregnant women in the community and provide continuity of carer.

December 2019

The first major winter outdoor advertising campaign from Northampton General Hospital and Kettering General Hospital is launched in the county. The campaign promotes the wide range of services available to give medical advice.

Our Long Service Awards celebrated the commitment of 65 staff members with a combined service of 2,030 years at NGH.

January 2020

We welcomed sixteen babies into the New Year and new decade on 1 January 2020. On what was a very busy start to the New Year for our maternity teams we welcomed 10 boys and 6 girls into the world with Finley Paul being one of the first babies in the country to be born at 00.08.

Along with colleagues at Kettering General we announce our move towards a group management model to strengthen health services in Northamptonshire.

February 2020

Radiotherapy patients at Northampton General Hospital are the first in the UK to be benefitting from the use of artificial intelligence for treating head and neck cancer. The revolutionary new technology RapidPlan™ from Varian, was developed for NGH using knowledge-based planning which determines the best treatment plan for patients.

Thomas Davis, Josie Prydderch, Jake Pile, Gavin Luck, Jane Thompson and Laura Gilson all won awards at the annual Northamptonshire Health and Care Partnership Apprenticeship Awards. The awards celebrated the hard work, positive impact and contribution of apprentices and their mentors.

March 2020

The first cases of coronavirus are identified in Northamptonshire and at Northampton General Hospital. Staff from all areas of the hospital pulled together to tackle this new virus and help to save lives in Northamptonshire

Who we are and what we do

Northampton General Hospital has served the people of Northampton for more than 275 years. We now provide general acute services to our local community of 380,000 people and hyper-acute stroke, vascular and renal services to 723,000 people who live in the wider Northamptonshire area.

As an accredited cancer centre we provide care to a wider population of more than 900,000 people living in Northamptonshire and parts of Buckinghamshire.

We provide services from our main hospital site located close to Northampton town centre. We also provide a limited range of outpatient services at Danetre Hospital in Daventry.

Our Strategic Vision, Values and Pledges

- Our vision remains to provide the Best Possible Care

This means that we strive to provide the best possible care for our patients, every time. We aim to put quality and safety at the centre of everything we do, whilst aspiring to excellence for improved outcomes, reducing hospital acquired infections, and increasing satisfaction for patients and staff.

We recognise that our greatest asset is our staff, and it is in this view that investment in empowering our workforce is integral to the continuing success of the organisation, by ensuring that Northampton General Hospital NHS Trust (NGH) is a great place to work, learn and care.

Our vision, values and pledges have highlighted key priorities across the system, and shall help to inform our planning for the next financial year.

Our values are:

- We put patient safety above all else
- We aspire to excellence
- We reflect, we learn, we improve
- We respect and support each other

Our values are integral to everything we do at NGH. They are the behaviours against which we judge ourselves and they describe how we behave in our everyday working lives. These values are established as our key behavioural principles and influence how we behave towards each other, care for our patients, and work with our partners.

Our values have not changed since our revised strategy and values were developed with our staff in 2014, and they remain at the heart of #TeamNGH. Putting patient safety first has always been, and continues to be, our highest priority, and the remaining three values equally reflect our ambition to improve wherever we can, whilst supporting and caring for staff and patients.

Our Strategic Pledges

In line with our newly refreshed strategy for 2019-24, the Board signed up to the following pledges. This work involved a high level of engagement with the staff from across the organisation and shall be instrumental in our planning moving forwards after Covid 19.

- Our pledges are:

- We will put quality and safety at the centre of everything we do
- Deliver year on year improvements in patient and staff feedback
- Create a sustainable future supported by new technology
- Strengthen and integrate local clinical services particularly with Kettering General Hospital
- Create a great place to work, learn and care to enable excellence through our people
- Become a University Hospital by 2020 becoming a centre of excellence for education and research

Clinical collaboration remains at the forefront of our sustainability plan, to ensure resilience against the increasing service demand due to the growing patient population throughout Northamptonshire.

In 2019-2020 we reviewed all of our specialities against a range of metrics to ensure they are truly fit for the future. This work which will help us deliver more resilient services in this challenging health economy, and to inform the range of services for which we collaborate with other partners.

In this regard, we have been focussing on the following key areas:

- Working collaboratively as part of the Northamptonshire Health and Care Partnership to strengthen strategic alliances and the way we work with our partners
- Developing a unified acute model of care for the county and expand the range of services available for the patient population in partnership with KGH
- Working together with primary care networks to integrate services and prevent hospital admissions where possible
- Using market assessment information to help inform our activity and service development plans on a specialty-level to support collaborative developments with partners across Northamptonshire.

PERFORMANCE ANALYSIS

Overview

Throughout 2019-2020 a significant amount of progress was made by working together with our health and social care colleagues to ensure patients are transferred to the right facility on discharge; this could be a step down bed a permanent care home or their own home with community care.

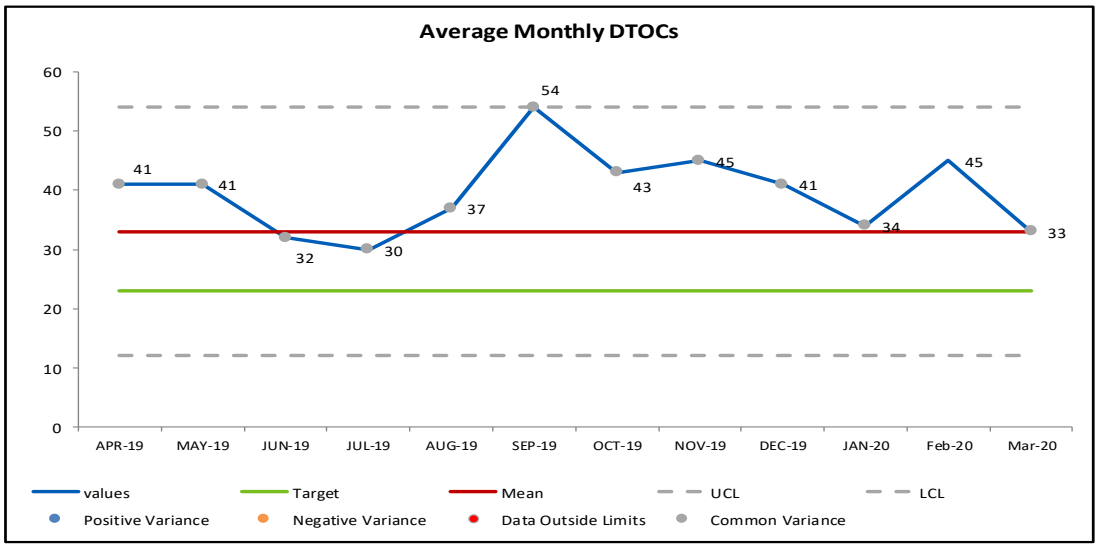
We saw an overall increase of 0.8% in A&E attendances, including type 1 (emergency department), type 2 (eye casualty) and type 3 (Springfield house - urgent treatment centre) attendances.

The smaller than expected increase was due to the impact of Covid-19 in March 2020 and the reduction of patients self-presenting, which was an approximate 30% decrease on what we would have expected based on the previous year. If March 2020 was excluded, a comparison of the 11 months of each year would represent growth of 3.9% in A&E attendees.

During the year we opened a trolley area for rapid assessment on the Nye Bevan unit for patients who may require admission to hospital. For many of our patients this has led to a significant reduction in the time to see a doctor from arrival.

Winter was a challenging period across the health and social care economy. Despite putting in place a full winter plan which included reducing elective operations, increasing staffing and the number of beds available we did not have sufficient capacity to manage the numbers of patients requiring admission. Unfortunately this meant that many patients had to wait in A&E until a bed became available for them.

The numbers of delayed transfers of care (DToC) remained low throughout the year.



During the year we were asked to cease reporting on the national standard for elective care; referral to treatment (RTT) as we test the new waiting time for elective pathways. The pilot, which began in July 2019, remains in place and notes the average time to treatment.

The 6 week performance for diagnostics decreased in year and was due entirely to the failure of some equipment in our endoscopy unit. We commissioned endoscopy outside the hospital, this performance target recovered by year end.

There continue to be a number of initiatives both within NGH and at a county-wide level to support and improve patient pathways to both improve access and, importantly, enable patients to return home in a safe and timely manner. Safety, quality of care and our patients' experience remain at the forefront of all initiatives.

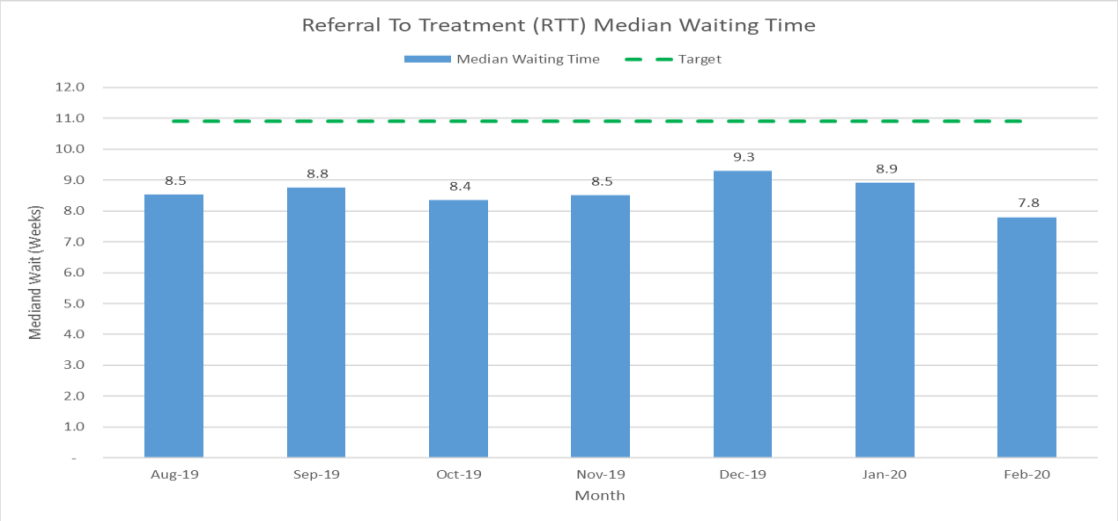
The internal emergency care transformation programme has included the following improvements and initiatives.

- New site meetings including all ward managers reporting on their discharges, supporting each other with issues and escalating concerns and blocks to discharges
- Further introduction of ambulatory care pathways
- A new way of working with some direct admission to the Nye Bevan assessment wards
- Increased access for GPs to contact consultants directly through using consultant connect
- Spot purchase of care home beds to support discharge flow out of the hospital
- Additional registrars and consultants on duty overnight and at weekends with a focus on reviewing patients early
- Junior doctor allocated to the discharge suite to support the rapid production of TTOs
- Increased capacity for patient transport
- A new frailty service to ensure frail elderly patients have a rapid assessment and plan of care to prevent admission where possible.
- Increased volunteers to support winter pressures along with an internal staff task force

Activity

During the year we again saw an increase in emergency (non-elective) inpatient activity. This created bed pressures and a shift in the delivery of elective care from inpatient to increased day case. Some elective activity (planned diagnostics/ operations) were delivered in the private sector.

Towards the middle of the year we took part in the pilot of a new measure for RTT (Referral to Treatment) with a median wait used rather than the national 92% target; we have managed to achieve the performance level set for it despite the pressures through winter.



	RTT Median Wait Times						
RTT Specialty	**Aug-19**	**Sep-19**	**Oct-19**	**Nov-19**	**Dec-19**	**Jan-20**	**Feb-20**
General Surgery	10.1	10.0	10.0	9.8	11.0	11.6	11.3
Urology	10.4	11.3	10.9	10.9	12.3	13.0	12.2
Trauma & Orthopaedics	5.5	5.2	6.1	7.6	9.4	9.9	9.5
Ear, Nose & Throat (ENT)	13.3	14.8	14.3	14.3	14.9	14.5	14.7
Ophthalmology	7.9	7.7	6.7	6.5	7.4	7.1	5.9
Oral Surgery	10.5	10.5	9.9	9.3	9.7	10.6	10.5
Neurosurgery	13.3	15.2	15.5	15.2	15.5	16.6	15.6
Plastic Surgery	7.2	6.3	5.9	6.2	7.9	8.0	6.3
General Medicine	7.4	8.7	10.1	10.2	10.2	7.9	7.6
Gastroenterology	7.7	8.0	7.1	7.6	8.6	8.4	8.0
Cardiology	12.3	12.2	12.8	12.4	12.3	10.9	10.1
Dermatology	7.0	7.2	7.0	7.4	8.5	7.8	6.5
Thoracic Medicine	9.3	11.3	11.6	10.4	9.7	8.8	7.9
Neurology	6.6	6.3	6.2	6.6	7.6	6.5	6.2
Rheumatology	8.8	9.1	9.1	9.7	11.4	11.4	11.0
Geriatric Medicine	5.5	6.6	5.4	5.0	5.0	4.0	3.5
Gynaecology	7.0	6.6	6.4	6.4	7.7	7.2	6.3
Other	6.7	6.9	6.4	6.5	6.7	5.3	5.0
Total	**8.5**	**8.8**	**8.4**	**8.5**	**9.3**	**8.9**	**7.8**

The growth in all types of A&E attendance largely relates to Type 1 (Emergency Department) and Type 3 (minor injuries delivered at Springfield House) activity (based on the 11 months to February each year).

Activity Comparison	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Diff**	**% Diff**
Emergency Inpatients	47,701	46,061	50,588	51,515	927	2.0%
Elective Inpatients	5,634	5,135	4,390	3,815	-575	-11.2%
Elective Daycases	42,393	41,840	39,798	44,152	4,354	10.4%
New outpatient attendances	133,548	135,239	139,518	140,219	701	0.5%
Follow-up outpatient attendances	310,358	314,645	315,666	329,973	14,307	4.5%
Total number of outpatient DNA's	36,708	35,764	43,999	42,113	-1,886	-5.3%
Patients seen in Accident & Emergency (All Types)	116,183	127,583	133,460	134,566	1,106	0.9%
Number of babies born	4,867	4,760	4,648	4,512	-136	-2.9%
Average length of stay (in days)	4.52	4.88	4.61	4.42	-0.19	-3.9%

Elective inpatient activity has shown a steady decrease over the past four years, , with 2019-20 affected by both winter pressures and the Covid-19 pandemic which has seen almost all elective inpatient activity cancelled during March.

During winter pressures we were able to increase the day case activity as these patients did not require an overnight stay

Bed occupancy remained high throughout the year and during the winter months we regularly exceeded 100% bed occupancy, leading to the opening of escalation wards. We saw a slight increase in elective day case and outpatient activity as we focused on the provision of activity which did not require a ward bed.

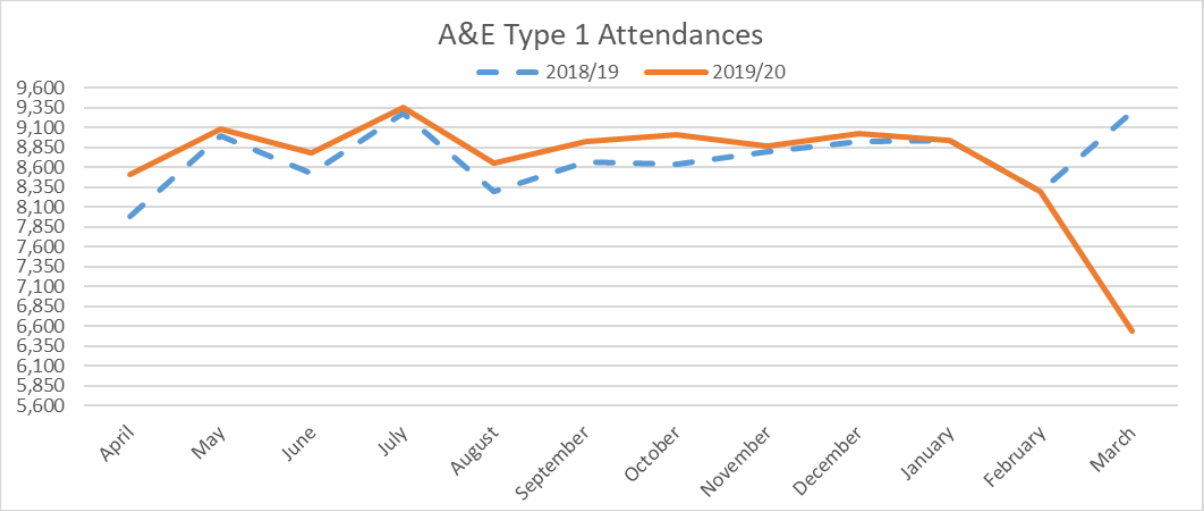
National Performance Standards

We have experienced significant challenges in meeting some of the national performance standards, especially with the pressure on urgent care. This also impacted on our elective activity due to the need to cancel inpatient procedures to accommodate the non-elective activity.

Indicator title	Target	Q1	Q2	Q3	Q4
Cancer waits - 31 days					
Cancer: Percentage of patients treated within 31 days - from diagnosis to first definitive treatment	96%	95.5%	95.3%	97.3%	
Cancer: Percentage of patients for second or subsequent treatment treated within 31 days - surgery	94%	93.6%	92.5%	94.4%	
Cancer: Percentage of Patients for second or subsequent treatment treated within 31 days - drug	98%	99.2%	98.6%	100.0%	
Cancer: Percentage of Patients for second or subsequent treatment treated within 31 days - radiotherapy	94%	95.1%	96.7%	95.7%	
Cancer waits - 62 days					
Cancer: Percentage of patients treated within 62 days urgent referral to treatment of all cancers	Trajectory	72.4%	76.3%	70.9%	
Cancer: Percentage of patients treated within 62 days of referral from screening	90%	81.4%	100.0%	83.8%	
Cancer: Faster Diagnosis Standard	70%	N/A	67.4%	68.5%	
RTT					
RTT Average wait incomplete pathways		N/A	10.7	10.2	11.2
Zero tolerance RTT waits over 52 weeks for incomplete pathways	0	1	0	0	0
A&E					
A&E: Total time in A&E (month)	Trajectory	82.8%	81.1%	72.0%	81.2%
Trolley Waits in A&E > 12 hours	0	0	0	0	1

4 hour A&E standard

A&E	2019//20											
	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Total Patients Seen	11,084	11,640	11,247	12,148	11,322	11,553	11,793	11,539	11,665	11,594	10,602	8,379
> 4 Hour Waits	2,326	1,874	1,625	1,975	2,379	2,215	3,179	2,973	3,623	3,139	2,810	1,574
Performance	79.0%	83.9%	85.6%	83.7%	79.0%	80.8%	73.0%	74.2%	68.9%	72.9%	73.5%	81.2%
Trajectory	83.6%	84.6%	88.4%	89.0%	90.0%	90.5%	90.0%	89.0%	88.5%	88.0%	87.0%	87.2%



Cancer waiting times standard

Cancer pathways and changes were a major focus for us throughout the year and whilst we made improvements in some pathways, others deteriorated.

We saw more patients being referred to us on the two week-wait pathway, overall our 2ww performance improved.

Achieving the national cancer waiting time standards has continued to be a challenge during the year, largely due to capacity and patient choice.

Throughout the year we have consistently reviewed our strategic goals for cancer and these are overseen by the monthly cancer board and underpinned by all tumour site improvement plans which are regularly discussed at the monthly cancer board.

All teams remain dedicated to improving the patient experience and outcomes for all patients on a suspected cancer pathway

We continued to source additional external capacity to help address the capacity gaps we faced during the year in meeting the standards especially within diagnostics.

The number of patients waiting more than 62 days on a cancer pathway been variable throughout the year which in turn has increased the number of 104 day waits. However, a number of delays were due to patient choice, ie when patients chose to delay treatment as they had a planned holiday, or were waiting for tertiary providers for treatment.

SUSTAINABILITY REPORT

All our sustainability initiatives are guided by sustainability strategy, which will be reviewed and refreshed in the coming year, as we identify opportunities to work with our local partners and respond to staff feedback. We are pleased to report that environmental sustainability is now incorporated into our revised clinical strategy.

Over the last twelve months

- Carbon emissions from heat and power have increased
- Single use plastics from catering have reduced, saving over 500,000 single use items
- Water consumption has reduced
- Carbon emissions from inhaled anaesthetic gases have reduced
- Recycling levels have remained constant
- Investors in the Environment Green Accreditation has been maintained

Energy and Scope 1 and 2 Carbon Emissions

Financial and usage data for the main utilities are shown below. Electrical consumption has reduced slightly, due in part to a cooler summer which reduced demand on the use of chilled water and air conditioning units. The increase compared to 2017/18 is due to a full year's operation of the Nye Bevan assessment unit.

Gas consumption was higher, with downtime of the CHP and biomass boiler –reflected in the biomass figures and renewable heat incentive payments, negating improvements in efficiency from heating and building management system projects.

Carbon credits are no longer required due to the removal of the Carbon Reduction Commitment Scheme. Additional costs are now included in the Climate Change Levy applied automatically to utility invoices.

	2017/2018	2018/2019	2019/2020
Consumption Data			
**Gas kWh	51,682115	48,718,086	53,404,918
Electricity kWh	15,620,993	16,184,305	16,149,232
*Biomass	3,664,301	4,013,694	2,311,903
*Water m^3	137,967	155,248	145,610
Business Travel miles	810,214	624,713	864,579
Financial Data £			
Gas	1,086,173	1,180,314	1,214,892
Electricity	289,057	532,839	617,927
*Biomass	102,500	131,399	204,646
Water	290,414	337,144	382,926
Business Mileage	334,109	307,344	375,389
Carbon Credits	188,038	162,045	0
Renewable Heat Incentive	(101,523)	(104,618)	(91,048)

*costs and volumes from site meter readings, not supplier
** includes gas to the CHP
*** includes electricity generated from the CHP and imported from the grid

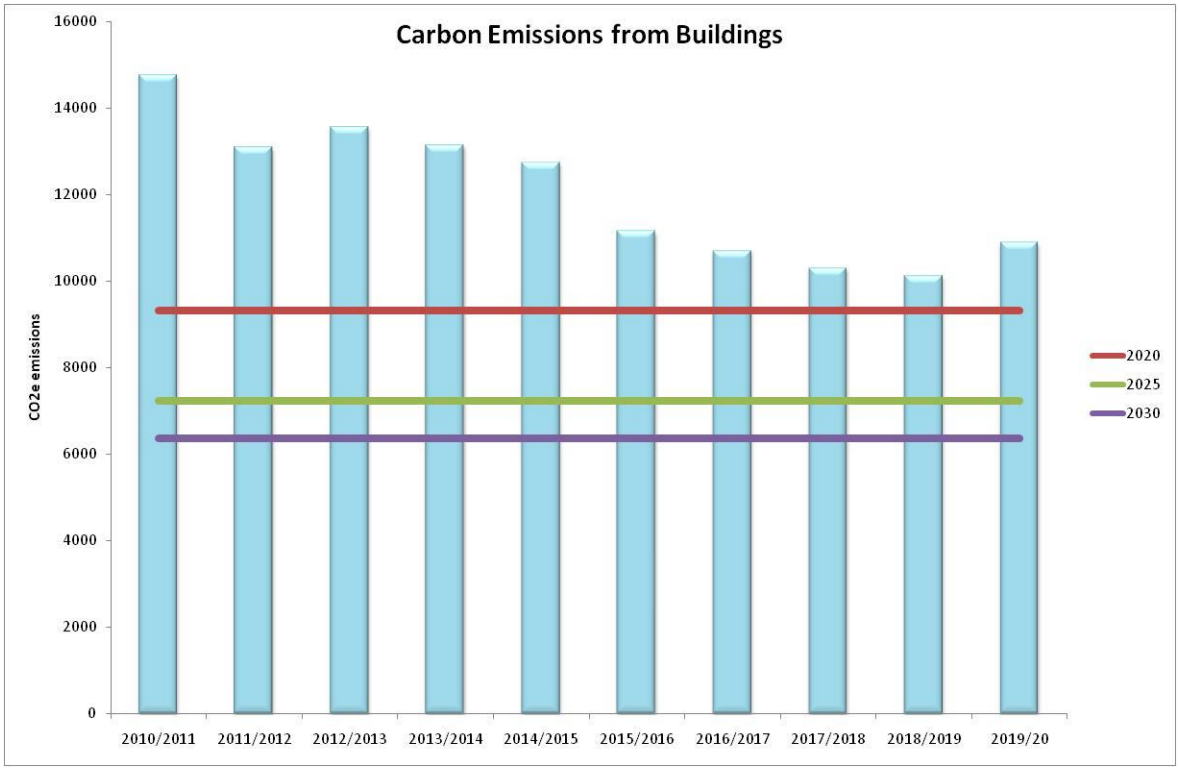
The second phase of heating equipment replacement began during 2019 and will be completed in the next financial year. Lighting has been replaced with LED lights during ward refurbishments, a programme that will be increased in the next financial year.

We are currently working towards achieving the government target of net zero carbon emissions by 2050, with interim targets of a 37% reduction by 2020/21, 51% by 2025/26 and 57% reduction by 2030/31. The targets are set against a baseline year of 1990. However, there is insufficient data for this period and we are therefore using 2010 as a baseline year, as this was the year we introduced our first carbon management plan.

A new carbon management plan outlining the steps that will be needed to reach these targets will be produced in the coming year and reviewed every three years or as new opportunities arise e.g., from changes in technology.

For the first time, our carbon emissions have increased compared to previous years, due mainly to reduced running time of the biomass boiler and the CHP. This means that we may narrowly miss the 2020/21 target. Further investment in energy efficiency measures or renewable energy in will be required in order to meet the 2025 or 2030 targets.

Our progress towards reducing carbon emissions from buildings is shown below along with the targets for 2020, 2025 and 2030. Reductions in emissions partly reflect increased renewable energy feeding into the grid. Each year we purchases Renewable Energy Certificates from EDF, our electricity supplier, which offsets over 1,000 tonnes of CO2e.



Note: The targets and the emissions have been recalculated since our previous report. This is because in previous years emissions were calculated using the CRC methodology, which used the total electrical consumption, but not the gas supplied to the CHP. Since the CRC is no longer applicable, the annual figures have been recalculated using gas and electricity imported from the grid, and not the electricity from the CHP. This has resulted in an increase in emissions since the installation of the CHP in 2014).

Scope 1 and 2 emissions are directly under our control, as is gas and electricity, which also includes air conditioning refrigerants and anaesthetic gases. Although data for these is not available back to 2010, targets will be introduced to reduce these to net zero by 2050 based on the earliest data available.

Other sources of greenhouse gas emissions that can be given a calculated value are from the refrigerants used for space and process cooling. These amounted to 474 tonnes, an increase of 5% compared to the previous year.

Inhaled anaesthetic gases have a significant environmental impact in terms of greenhouse gas emissions. The impact varies depending on the agent and the carrier gas used (nitrous or oxygen).

Desflurane is responsible for 366 tonnes of CO2e at NGH, a figure that has reduced massively from previous years, partly due to a reduced number of operations, but also due to the work carried out by the anaesthetic team as detailed below. The overall carbon emissions from buildings (purchased electricity, CHP generated electricity and gas) is 10,901tonnes.

	2016/17	**2017/18**	**2018/19**	**2019/20**
Isoflurane	3	3	16	16
Sevoflurane	64	78	67	58
Desflurane	714	682	695	366
Anaesthetic N_2O	543	563	437	
Portable Equanox N_2O	440	486	450	
Maternity Entonox	1346	1241	906	
TOTAL CO2e (Tonnes)	**3110**	**3053**	**2571**	

Note: Due to operational pressures relating to Covid-19, information relating to the nitrous oxide and entonox use was not available in time for inclusion in this report.

Anaesthetic gas reduction is one of the targets of the NHS Long Term Plan, particularly the reduction of the greenhouse gas emissions from using desflurane which is the most damaging of the three volatile agents used for anaesthesia.

Our anaesthetic department surveyed staff to determine the support for introducing an environmental target and a reduction in desflurane use. Following the survey, desflurane was removed from the anaesthetic machines, but was still available on request. Since December 2019, when this was actioned, we have already seen a reduction in both the percentage and absolute amount of desflurane in use as shown below.

Desflurane is also the most expensive of the three agents, so the work has also created a significant cost saving. To put this work into perspective, complete removal of the desflurane would save around 550 tonnes of CO2e and generate savings in excess of £20,000, and to save 50 tonnes of CO2e by changing to LED lights will cost over £50,000.

	Sevoflurane	**Isoflurane**	**Desflurane**
Oct 2019	29,000mL 71%	1,500mL 4%	10,080mL 25%
Feb 2020	19,250mL 76%	3,250mL 13%	2,880mL 11%
2018/19	338,000mL 62%	20,750mL 4%	187,920mL 34%
2019/20	293,500mL 74%	21,250mL 5%	98,880mL 24%

NHS Long Term Plan

The NHS Long Term Plan includes a number of sustainable development commitments some of which we have already begun to implement:

Reduce Carbon Waste and Water	Carbon reduction from buildings has been a focus since 2010 Anaesthetic gas reduction is already occurring Work will start to move to lower greenhouse gas asthma inhalers
Improve Air Quality	Our travel plan will include a commitment to monitoring air quality Electric Vehicle charging points will be installed Utilising technology to reduce outpatient visits to site
Reduce Single Use Plastics	Reusable sharps bins have been in place for over 6 years Program of reduction of single use plastics in catering ongoing for over 2 years Signed up to the NHS Plastics Pledge New guidance on the appropriate use of gloves and aprons introduced by our infection prevention and control team showed a reduction in the first six months.

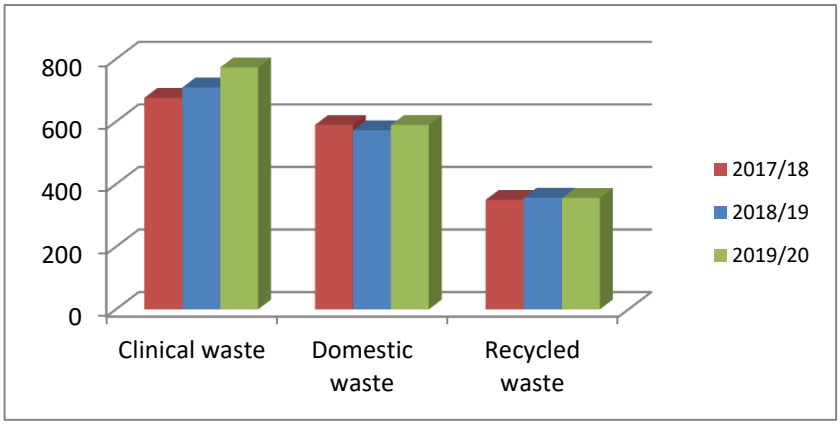
Water

Water consumption has reduced across the site, mainly due to a reduction in the number of water leaks, but still remains above the 2017/18 levels, in part due to the addition of the urgent treatment centre and Nye Bevan Assessment Unit. In 2020 waterless urinals will be installed across the site. We expect this to reduce water consumption by at least 3,000 m3 each year.

Waste

In 2019/20 we introduced metal instrument recycling into most of our theatres and our birth centre, diabetes and maxilla facial unit, so metal recovered from items such as forceps and laryngoscope blades is recycled rather than being sent for incineration with the clinical waste.

During the year we played an active part in the Northampton-wide UpfortheCup coffee cup recycling campaign run by the University of Northampton with funding from the charity Hubbub. This campaign has created a uniform message across the town and augmented the coffee cup recycling already in place at NGH.



In November 2019 we implemented a new domestic and recycling contract in collaboration with Kettering General Hospital and Northamptonshire Healthcare Partnership. We are now working through a number of issues identified in the early stages of implementation which led to some missed data and a lull in recycling initiatives. From a review of the data recycling, which includes food sent for anaerobic digestion, percentages have dropped slightly, although this could be due to missing data.

Clinical waste levels increased by approximately 10% rising to 773 tonnes during the past year, which reflects increased activity across the organisation.

In 2019 we entered into a new contract to recycle redundant IT equipment, with any usable equipment being sold to a charity local to the contractor.

Plastics Reduction

In November 2019 we signed up to the NHS Plastics Reduction Pact, which commits us to reducing the single use plastics used within catering activities and the submission of data. We have already put significant effort into reducing its use of single use plastics, particularly in the catering department. To date the following action has been taken:

- Removal of most plastic cutlery – replaced with metal cutlery in wards and restaurant, wooden cutlery for takeaway food and reducing plastic items by over 700,000 in two years.
- Removal of plastic drinking straws from retail outlets – resulting in a 62% reduction in straws purchased by catering, and a paper straw has been procured and will be trialled
- Installation of water fountains in or near the three retail outlets and the Emergency Department
- Replacement of single use plastic cereal bowls and breakfast plates with reusable plastic plates – removing 150,000 items of plastic.
- Introduction of crockery cups in 12 wards – we currently send out over two million disposable cups for use on wards and in clinics.

We anticipate there will be a temporary increase in the use of some plastic items during the Covid-19 pandemic, as single use items are still in use for infectious patients. However, we anticipate that the removal of plastic will continue across the NHS once the hospital returns to standard levels of infectious patients.

Future initiatives will involve the installation of dishwashers in ward areas to remove further single use items, removal of condiment sachets from retail outlets, replacing plastic water cups with paper and the promotion of reusable coffee cups. Work will also be restarted to identify single use items and packaging that may be readily removed or replaced.

Awards and Events

We were proud to be shortlisted in the NHS Sustainability Day Awards for our Small Action Big Impact campaign aimed staff engagement to increase recycling and reduce plastics consumption. In all over 800 pledges were made over a 12 month period, with NGH being the most active of Cawleys customers. This project was included in a presentation given to the NHS Sustainability Day Roadshow in London in October. Our sustainability lead has been an active member of the Advisory Board for this campaign.

A presentation was given to anaesthetists at the East Midlands School of Anaesthesia summer meeting about the importance of sustainability in anaesthesia and the opportunities to lessen the environmental impact of the discipline.

September 2019 saw us being presented with a Silver Certificate for its greenhouse gas emission reductions from buildings by Health Care Without Harm, an international organisation. We are extremely proud to be one of only three UK organisations granted a certificate.

On Clean Air Day we had another successful Dr Bike Day to service and check the safety of staff bicycles.

Sustainable Development Assessment Tool (SDAT)

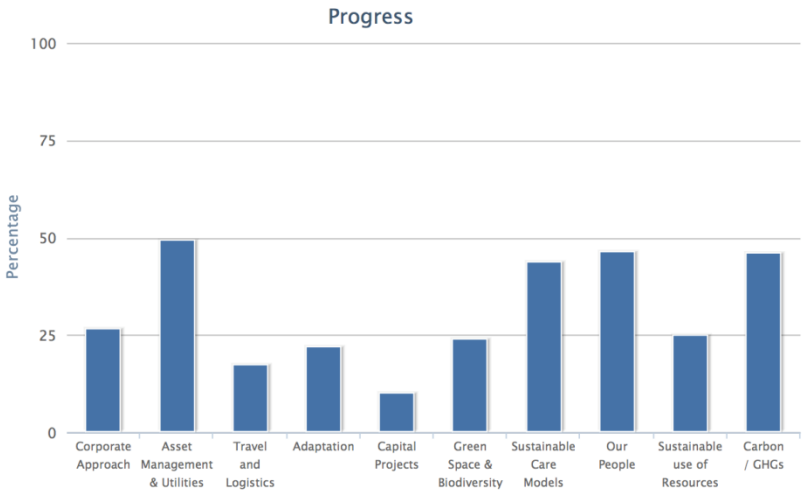
A review of the SDAT has shown an increase over the previously published assessment moving from 29% to 31%. There are a number of areas that the Trust is already doing well on, but in some areas there are some relatively easy ways to improve the sustainability of the Trust and thereby increase the score for the next assessment.

NORTHAMPTON GENERAL HOSPITAL NHS TRUST

Latest assessment score

31%

Module	Score
Corporate Approach	26.42%
Asset Management & Utilities	49.21%
Travel and Logistics	17.2%
Adaptation	21.79%
Capital Projects	10%
Green Space & Biodiversity	23.81%
Sustainable Care Models	43.59%
Our People	46.24%
Sustainable use of Resources	25%
Carbon / GHGs	45.95%



SUSTAINABLE DEVELOPMENT GOALS

Sustainability Survey

In 2019 we undertook our first sustainability survey, achieving more than 200 responses. Overall the survey reflected the results from the nationwide survey undertaken by the NHS Sustainable Development Unit. As part of the survey, staff were asked their priorities for our future actions in relation sustainability. The top five priorities were:

	1 HIGH PRIORITY	2	3	4	5 LOW PRIORITY	TOTAL	WEIGHTED AVERAGE
Energy Efficiency	76.4%	21.9%	1.2%	0.3%	0.3%	334	4.74
Recycling Initiatives	74.6%	21.0%	4.1%	0.0%	0.3%	338	4.7
Water Efficiency	63.2%	27.6%	6.8%	1.5%	0.9%	337	4.51
Single Use / Disposable Item reduction	60.2%	25.8%	10.2%	2.7%	1.2%	334	4.41
Renewable Energy	60.1%	31.2%	6.0%	1.5%	1.2%	333	4.47

Actions for 2020/21

- Refresh the Sustainability Strategy using the results of the Sustainability Survey and the SDAT to prioritise actions.
- Completion of Phase 2 of the replacement of the heating calorifiers with more efficient plate heat exchangers which also include meters to measure the heat use in parts of the hospital partly funded by a Salix loan The estimates are for a saving of approximately £60,000 per year from the Salix part of the scheme and 250 tonnes of CO_2e
- Replacement of the lights on Hospital Street with the LEDs that also have light and motion detectors. This work is partly funded by a government grant (£40K) with remainder provided by NGH through a Salix loan. This will be followed by a planned replacement of lights in ward areas of the hospital.
- Creation of a Carbon Management Plan for the next five years.
- Create a network of ward and theatre based waste champions
- Trials to reduce food waste from patient areas
- Incorporation of sustainability into the new accommodation blocks and new main entrance and ITU/HDU building in planning.
- Improved coffee cup recycling across Northampton in conjunction with the University of Northampton, Northampton Railway Station, the Derngate and the Grosvenor Centre.
- Installation of additional cycle storage
- Full roll out of reusable cups for improved patient experience and reduced single use plastics.
- Review the use of single use plastics and opportunities for reduction.
- Review the options to incorporate further renewable energy options within the NGH Estate, particularly for new build projects.
- Review options for Electric Vehicles and Charging points as part of a refreshed Green Travel plan.
- Review the options for the implementation of a series of pool cars and a car club scheme.
- Implement routine monitoring of air pollution around the site to determine the impact of any changes in vehicular movements.
- Commitment to plant at least two trees for every tree removed on site.
- Review potential of green walls/shading as part of a new Biodiversity strategy
- Review Scope 3 emissions to determine areas of opportunity for reduction

Emergency preparedness

Northampton General Hospital is a Category 1 responder as defined by the Civil Contingencies Act, 2004 (CCA) and therefore Emergency Preparedness, Resilience and Response (EPRR) is a highly important element of our activity.

The CCA requires NHS organisations to continue to operate safe patient care during emergency situations, whilst maintaining essential services. We therefore need to plan for, and respond to a wide range of incidents and emergencies. These could be anything from extreme weather conditions to an outbreak of an infectious disease or a major transport accident.
We have a mature suite of plans to deal with Major Incidents and Business Continuity issues. These conform to the CCA and current NHS-wide guidance and are tested on a regular basis. All plans have been developed in consultation with regional stakeholders to ensure a cohesive response.

NHS England and NHS Improvement has a statutory requirement to receive assurance of system wide preparedness. This is provided through the EPRR annual assurance process known as Core Standards for EPRR. Work to complete the annual self-assessment took place to ensure that the results provided a true reflection of the Trust's overall position against the NHS Core Standards. NHS England were assured that NGH were, for the fourth year in succession, fully compliant with the requirements of the core standards.

The strength of our emergency preparedness has proved essential during our response to the Covid-19 pandemic as we worked with our local and regional system co-ordination hubs. We were quickly able to develop and implement our strategic response, which included mobilising our incident management process, introducing a bronze, silver and gold chain of command, and developing our and implementing our resilience framework.

Dr Sonia Swart
Chief Executive

SECTION TWO

ACCOUNTABILITY REPORT

REPORT OF THE DIRECTOR OF FINANCE

Economic outlook and impact

2019/20 was another year that the NHS was under significant pressure both operationally and financially. Our response to this was to continue to focus on the provision of high quality clinical care to our patients managed via our clinically led structure and then in February 2020 we were hit with the pandemic. From early on in the financial year we experienced a continuation of demand and acuity at winter levels and were unable to close escalation beds nor meet our recurrent savings programme. This was raised at our regular assurance meetings with our regulators and the Trust reforecast an £8.5m deficit to plan at the end of December 2019, despite the pressures and changes that occurred from February 2020 onwards we were able to meet the re-forecast deficit at year end.

The financial landscape for the Trust in 2020/21 is very different with a move to block contracts and funding to ensure the Trust breaks even. The first four months funding has been guaranteed and at the time of writing this funding regime will be extended until at least the end of October 2020. The NHS as we have known it no longer exists in the same way as it did before February 2020 and this will mean changes to the financial architecture of the NHS going forward.

We continue to work with our system partners in the development of a sustainable health economy and this will continue to be a focus for us as we move towards the establishment of an ICS in Northamptonshire.

Financial performance

We were set a control total deficit of £22.8m, (£0m, after receipt of £16.9m Provider Sustainability Funding/Financial Recovery Funding (PSF/FRF) and £5.9m MRET funding) but as a result of the operational difficulties, we were able to deliver £31.3m deficit which is £8.5m worse than plan, but £22k better than the forecast.

We met our other financial duties to manage our capital expenditure within our capital resource limit, our borrowing within our external finance limit and to pay our suppliers within 30 days for more than 95% of invoices paid.

Capital Expenditure

We invested £11.1m in 2019/20 improving our estate, medical equipment and IT assets.

Charitable funds

We are supported by the Northamptonshire Health Charity
It’s primary purpose is to support our work by providing grant funding, making use of the many generous donations and legaciesthey receive from the general public and from fund raising activities.

To ensure local governance of funds, our senior nurses and managers are heavily involved as fund advisors, actively
recommending the specific projects where funds should be spent.

During the financial year the charity paid £574k as grants, of specific note:

- Various items of medical equipment for Trust-wide use £22k and specific items for Cardiology £9k, the Renal Unit £10k, Day Surgery Unit £7k
- Software for Brachytherapy £13k and Cardiology £9k
- 2 Buggies to transport patients & visitors around the hospital site £20k
- Staff Training and Course Fees £95k
- Management of Post Graduate MSc programme in partnership with University of Northampton £61k
- Volunteer Services Co-ordinator £30k and items/training to support the work of our volunteers £16k
- Funding of Pathway to Excellence – Associate Director of Nursing £28k
- Winter thank you voucher for staff to use in on-site catering outlets £26k
- 5000 Water Bottles as part of 'keep hydrated' campaign £16k
- Furniture for Oncology £15k
- 6 Patient Transfer Scales £12k
- Theatre Hats & Bags for Midwives £10k
- I Donate Campaign support £9k

Phil Bradley
Director of Finance

ANNUAL GOVERNANCE STATEMENTS FOR NHS TRUSTS 2019/20

1. Scope of responsibility

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

2. 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 Northampton General Hospital NHS Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Northampton General Hospital NHS Trust for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

3. Capacity to handle risk

Governance arrangements for risk management are as follows:

- Chief Executive: takes Board-level responsibility for governance, including risk management, and has overall responsibility for maintaining an effective risk management system and for meeting all statutory requirements. Executive directors and clinical directors have delegated responsibility for governance and risk management arrangements within their areas of control.

- Board of Directors: The Trust Board and Chief Executive ensure that the risk management arrangements are implemented, monitored and reviewed, and meet all legal and regulatory requirements. The Board receives reports from the Audit Committee, the Finance Committee, the Quality Governance Committee and the Workforce Committee on the Trust's risk control measures.

- Audit Committee: The Audit committee has overall responsibility for independently monitoring, reviewing and reporting to the Trust Board on all aspects of governance, risk management and internal control. It is supported in this role by all Board Committees.

- Finance and Performance Committee: The Finance and Performance committee undertakes on behalf of the Trust Board objective scrutiny of the Trust's financial plans and major investment decisions. Additionally it is responsible for overseeing the delivery of all key performance metrics and is also responsible for the oversight of the Trust's IM&T, Estates and procurement functions.

- Quality Governance Committee: The Quality Governance committee monitors, reviews and reports on the quality and safety of services provided by the Trust. This includes the review of governance, risk management and internal control systems to ensure the delivery of safe, high quality, patient centred care.

- Workforce Committee: The Workforce Committee monitors, reviews and reports on the organisational development and workforce performance of the Trust. This includes the achievement of associated key performance indicators and advising the Trust Board on key strategic organisational and workforce initiatives.

- Assurance, Compliance and Risk Group (ARC): The ARC Group is chaired by the Director of Corporate Development, Governance and Assurance providing executive oversight of risk management issues. The group is responsible for ensuring the development and implementation of effective systems and processes for risk management at each level of the Trust.

- The Trust has a Governance team with a focus on integrated risk management. The team support the process of identification, assessment, analysis and management of risks and incidents at every level of the organisation and aggregation of results at a corporate level.

- In each of the Trust's Divisions the Divisional Director has lead responsibility for governance and risk issues and is responsible for coordinating risk management processes, including management of the Divisional risk register supported by the Divisional manager. The Divisional management groups have responsibility for monitoring, managing and where necessary escalating risks on their risk registers and significant risks are reviewed at monthly performance review meeting.

- Data Governance Group: The purpose of the group is to set a clear direction of travel in respect of Data & Information Governance and to provide the Trust Board with the assurance that effective governance for data quality & protection is in place. The Data Governance Group is attended by key stakeholders across the Trust which includes clinical and operational leaders.

  The Chief Information Officer is the Trust's Senior Information Risk Owner (SIRO). Working closely with the Medical Director as Caldicott Guardian, the SIRO is responsible for taking ownership of information risk and advising the Chief Executive accordingly.

- Risk management training is delivered to staff in accordance with the Trust's risk management training needs analysis. This begins at corporate induction which all staff are required to attend.

- There is clear policy and guidance on the type of courses that staff need to attend and the frequency of attendance required. Attendance at mandatory risk management training courses is monitored and fed-back to Divisions and corporate directorates via a central monitoring database which allows corrective action to be taken by management teams as required aimed to improve and sustain attendance rates throughout the year.

4. The risk and control framework

The Trust has adopted an integrated framework for risk management supported by policies and procedures. This provides a comprehensive framework for the management of principal risks and is mapped to the Trust's principal and strategic objectives. These are in turn mapped to the risk register to assess the potential risks that threaten the achievement of the Trust's objectives, the existing control measures and assurance in place.

There is an established governance framework for risk management which includes high level committees, Trust Board and Quality Governance Committee and their sub committees including the Assurance, Risk and Compliance Group (a sub-group of the Quality Governance Committee) to divisional governance committees and department level risk groups.

The Risk Management Strategy was approved by the Quality Governance Committee on behalf of the Board in February 2019; it will be reviewed again in July 2020.

The Trust policy for the Assessment and Management of Risk was approved in December 2019 and is next due for review August 2020. The policy sets out the approved Trust framework and procedures for risk assessments, risk scoring and management of risks.

The policy provides a clear definition of risk and distinguishes between risks and hazards. Roles and responsibilities are also clearly defined which includes corporate committees and senior staff members; divisional, directorate and departmental responsibilities, and those of individual staff members. Assessment, management, and monitoring of risks within the Datix system are also included.

The policy details the agreed definition of risk appetite, which is consistent with the Risk Management Strategy. Further work was undertaken in year by the Trust Board to develop a Risk Appetite framework and statement that assigns an appetite level per Strategic Priority and principal risk. The Risk Appetite framework and statement were approved at the November 2019 meeting. These have been reflected within the Risk Management Strategy and policy for the Assessment and Management of Risk.

The ARC Group continued deep dives into the Divisional Risk Registers in year to provide support and guidance with regard to content and identify best practice to improve clarity of the risk register content. Feedback is also provided to the Group from Internal Audit Reviews and standard templates for reports are provided.

The risk management system is continually reviewed to ensure that robust systems are in place at all levels within the Trust. The risk register is an integral part of the system. Amendments to the risk register are generated and actioned at directorate, division and corporate level.

Communication and consultation is undertaken with internal and external stakeholders when appropriate. The Trust has continued to develop communication channels with its partners, and within the Trust. Regular reports are prepared for directorates and divisions, the Quality Governance Committee and the Trust Board on the incidents reported, both clinical and non-clinical.

There is a fully established Internal Audit programme approved by the Audit Committee in the Internal Audit Work Plan. The Audit Committee receives reports which provide assurance of the Trusts key internal control objectives. The Internal Auditor presents an Annual Audit Opinion to those charged with governance on the overall level of assurance for the system of internal control. Internal Audit recommendations are tracked in a system to record action taken and completed.

The Trust has an established Counter Fraud Service provided by a Local Counter Fraud Specialist (LCFS). In addition to investigation work the LCFS carries out an agreed amount of proactive work. The LCFS regularly attends the Audit Committee meetings and reports back to the Director of Finance and the Audit Committee on any proactive or reactive work undertaken. The LCFS also provides feedback to the Freedom to Speak Up Guardian in regard to any referrals made from that route.

The Trusts External Auditors conduct an Annual review of the Trusts control environment and present an Annual Report to those charged with governance in the form of an Annual Audit letter.

Partners and stakeholders are involved in managing risks which impact on them through their involvement in and contributions to many aspects of the work of the Trust, including for example:

Patients and the public:

- The work of the, the Patient Advice and Liaison Service and specific patient representative groups.
- Patient membership of key Trust committees and groups.
- The work of the local Health and Wellbeing Board.
- Meetings of the Trust Board held in public which include Patient Stories.
- An extensive volunteering programme across hospital departments including volunteers specifically dedicated to supporting the Trust's Friends and Family Test (FFT) agenda, handing out postcards for completion and collating data

Staff:

- Strong focus on encouraging staff to raise concerns with a Freedom to Speak Up Guardian supported by Values Ambassadors
- Board to Ward visits by Executive and non-Executive Directors.
- "Question Time" sessions which allow staff greater access to senior staff to inform and provide discussion forum for topical issues.
- Monthly Core Brief to staff by Executive team.
- Partnership forum with staff-side representation.

Partners:

- Regular performance discussions with commissioners and NHS Improvement.
- Group Model including Clinical Collaboration work streams between Kettering General Hospital NHS Foundation Trust and Northampton General Hospital NHS Trust.
- Weekly Operations Executive Meeting comprising the Chief Executive Officers of Health and Social Care partners across Northamptonshire.

- Participation in the Sustainability and Transformation Programme for Northamptonshire.
- System Resilience Group, A&E Boards, Sustainability & Transformation Board

The Trust has a range of approaches in place to ensure that short, medium and long-term workforce strategies and staffing systems are in place which assures the Board that staffing processes are safe, sustainable and effective.

The Trust identified its key workforce objectives with reference to the strategic plan, the response to the staff survey and the responses from the summer of engagement, a major staff listening exercise. This resulted in a People Plan being developed and implemented part way through the year. The Trust also appointed a Chief People Officer to work between KGH and NGH to design an Acute People Plan to meet the workforce requirements of booth Trusts in line with the National People Plan priorities.

Trust committees including the Trust Board, Changing Care Steering Group, Quality Governance Committee and Workforce Committee receive the key workforce plans and initiatives. They monitor delivery via Key Performance Indicators displayed on an integrated dashboard to ensure effective progress. The committee also reviews workforce plans, such as the commissioning of an international nursing recruitment programmes, support required regarding equality, diversity and inclusion and outputs of system collaborative working

The Workforce Board Committee regularly receives assurance reports in respect to safer staffing to ensure adherence to the National Quality Board requirements 2018. This assurance includes the provision of monthly safe staffing review and six monthly Safe Staffing Review of Inpatient Staffing Levels. Assurance against the requirements of the NHSI 'Developing Workforce Safeguards' guidance is reported and monitored through the Workforce Committee.

The Trust uses a range of workforce-planning methods:

- Professional judgement method – multi- disciplinary teams (MDTs) of lead clinicians and managers consider workforce requirements. Using their professional judgement, MDT's will review the current performance standards, financial performance, patient feedback and commissioning intentions and consider the benefits/risks of alternative skill–mixes as part of this approach.
- Workload quality method – the Trust uses evidence-based tools to calculate staffing levels based on a variety of inputs, including the Safer Nursing Care tool, Birth Rate plus for maternity services, in addition the Trust uses the Allocate Acuity data, to ensure that the nursing establishment supports the staffing level and skill mix for each ward.
- Triangulation of the above with quality, patient feedback, workforce and workflow metrics.
- Benchmarking internally and externally (where information is available and applicable).

The workforce planning approach detailed above informs the outputs of the annual business planning cycle. Divisions establish their future workforce requirements modelled against planned activity, service developments and financial planning.

Clinical teams have access to key performance data. Data sources for dashboard indicators include: staff HR metrics (e.g. staffing levels, sickness levels and bank staff usage), patient feedback, numbers of complaints, audit outcomes, numbers of incidents reported and CQC self-assessment rating (NB this list is not exhaustive).

The Trust's Board and its committees receive triangulated data in a number of key documents including the corporate dashboard, Board Assurance Framework and as part of Patient Safety, Safer Staffing, Workforce and Financial reports. The Trust utilises the information in a number of ways, to:

- assure the Board that the systems and processes are working to identify risk or good practice/outcome;
- challenge the data and request further information;
- identify internally driven, focussed pieces of quality work;
- review dashboards;
- formulate ideas for change or for new ways of working;
- review the Corporate Risk Register;
- identify new quality indicators aligned to transformational programmes; and
- promote quality across the organisation utilising key messages/themes.

Within the Trust, Cost Improvement Programmes (CIP's), transformational change, new business opportunities and Quality, Innovation, Productivity and Prevention (QIPP) schemes are subject to a Quality Impact Assessment (QIA). The clinically led structure recognises responsibility of Divisional Directors, Associate Directors of Nursing and Divisional Managers in each of the four main divisions in the development of CIPs and associated QIA. The schemes are considered at the Changing Care Steering Group. The QIA must be completed and fully considered by the Medical Director and Director of Nursing prior to approval to proceed. Once QIAs are agreed, a QIA Scorecard is maintained by the PMO which tracks agreed quality metrics and this is monitored monthly by the Trust's Quality Governance Committee.

The Workforce Committee, a committee of the Board, has delegated responsibility for ensuring that any workforce/staffing changes are undertaken with the associated findings reviewed and discussed. The NHSI Developing Workforce Standards offer a framework for this to be undertaken. Work over the past year to enable more robust staffing assurance has included nurse and midwifery staffing reviews developed via a triangulated approach including a recognised assessment tool, benchmarking and professional judgement. New roles have been introduced which have provided opportunity and has contributed to the development of a more robust workforce and help manage national workforce challenges.

The Trust was rated "Requires Improvement" by the Care Quality Commission (CQC) in 2019 and remains fully compliant with the registration requirements of the CQC. A Trust put in place an Improvement Plan in response to the findings which has been monitored via the Quality Governance Committee and Trust Board. The plan was subject to an Internal Audit review for which the Trust received a 'Reasonable Assurance' opinion in April 2020.

Publication of registers of interest.

The Trust has published on its website an up-to-date register of interests, including gifts and hospitality. Work is underway to introduce a digital solution to encompass all decision-making staff (defined at the Trust as Consultants and staff on Agenda for Change Band 8D and above), as required by the Managing Conflicts of Interest in the NHS guidance, its launch was delayed by the Covid 19 impact.

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.

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

The Trust has undertaken risk assessments included in its Adaptation Policy and has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18). The Trust complies with its obligations under the Climate Change Act and Adaptation Reporting guidelines through its annual report.

Risk assessment

The Trust has adopted an approach to risk management with the structures and processes in place to successfully deliver the risk management objectives. Leadership arrangements are defined within the Trust and are supported by job descriptions, objectives and annual appraisals.

Leadership has been further embedded at Divisional and Directorate level, where managers have responsibility for risk identification, assessment and analysis. All staff are required to complete mandatory and role specific update training. All new members of staff are required to attend induction which covers key elements of risk management including Freedom to Speak up.

The Trust policy on the development of policies ensures that all Trust policies must be equality impact assessed before seeking approval.

The Board Assurance Framework (BAF) is based around the Trust's strategic objectives. It identifies the principal risks to the achievement of those objectives, the key controls in place to manage those risks and the sources of assurance about the effectiveness of those controls.

The BAF details any gaps in control and assurance in relation to the risks, including strategic objectives related to service delivery, workforce, finance, service transformation, and infrastructure and information systems, together with actions to address them. The actions include identifying additional resources, putting in place new systems, processes, operating procedures and monitoring arrangements, strengthening project and programme management, and effective working with partners.

The BAF is updated by the Executive Director leads with a full review at the end of each quarter which is then presented to the relevant Board Committee to review their assigned risks and a full Trust Board review quarterly. It is also crossed referenced to risks on the Corporate Risk Register.

A full review of the BAF was undertaken in July 2019 and it was re launched with a revised template at the November Trust Board based on an exemplar provided by CQC and in response to comments received from the CQC.

The BAF identified areas where the control framework needed improvement and a number of red (extreme) risks as follows:

- Risk of failure to meet regulators minimum fundamental standards to avoid enforcement action, intervention or suspension of services
- Risk of failing to meet local and national quality and performance standards leading to poor experience and financial risk of contract penalties
- Inability to recruit adequate numbers of nursing staff
- Risk of failures related to failing infrastructure due to aging estate leading to poor patient environment, poor infection control and potential health and safety failures
- Risk of failures in data quality, ICT infrastructure and/or a successful cyber security attack may lead to loss of service with staff being unable to access patient records with a significant impact on patient care and reputational risk to the Trust
- Risk that the Trust fails to achieve optimum workforce capacity to deliver best possible care now and in the future
- Risk that we fail to engage and nurture our staff leading to a lack of energy and commitment and an optimal culture
- Risk that failure to progress clinical collaboration as an integral part of the Northamptonshire Health and Care Partnership (Northamptonshire's Sustainability and Transformation programme) will not provide the optimal range of core acute services within Northamptonshire leading to a deficit of provision, increased health inequalities and barriers to healthcare access.
- Risk that the Trust fails to have financial control measures in place to deliver its 2018/19 financial plan
- Risk that the Trust fails to deliver the costs savings associated with the Changing Care @NGH programme.

Each risk and its actions are owned by an Executive Director and they are held to account for progress at the respective Board subcommittee and Board.

The Trust has received a 'Reasonable Assurance' opinion from internal audit on the Board Assurance Framework and Risk Management in February 2020.

The Board completed a self- review of governance arrangements against the NHSI Well-led Framework in January 2020. The output of that review identified where improvements could be made but identified knowledge gaps and learning opportunities for further Board development.

An Annual Governance Statement is in place and the Trust is compliant with the risk management and assurance framework requirements that support the statement pursuant to the most up to date guidance.

The Board is satisfied that plans in place are sufficient to ensure ongoing compliance with all existing targets as set out in the NHSE/I oversight framework; and a commitment to comply with all known targets going forward.

The Board ensures that the trust will at all times operate effectively. This includes maintaining its register of interests, ensuring that there are no material conflicts of interest in the board of directors; and that all board positions are filled, or plans are in place to fill any vacancies.

The Board is satisfied that all executive and Non-Executive directors have the appropriate qualifications, experience and skills to discharge their functions effectively, including setting strategy, monitoring and managing performance and risks, and ensuring management capacity and capability. The Trust has a number of new Board Non- Executive positions and needs to be cognisant of the need to ensure they gain knowledge of the systems and governance processes in place in the Trust. All Board members complete a “Fit and Proper persons” declaration annually.

COVID-19

The Trust reviewed its governance framework to ensure the flexibility with which to respond to the COVID-19 pandemic, enabling remote decision-making by the Board and Committees, with the addition of an operational command structure put into place with decision and change logs implemented. Meetings were prioritised both as to whether to continue to proceed and in agenda content which focussed on pandemic related issues with virtual meetings replacing face to face meetings.

An additional overarching Covid 19 risk was approved and added to the BAF at the April Board (held May 1st 2020).

Corporately and within each Division the organisation was asked to consider any emerging risks to the delivery of their services as a result of COVID-19. A number of new risks were identified which will be monitored within the Trust’s control framework during 2020/21.

The Trusts response to the pandemic led to changes in how the trust’s control environment was applied, due to the speed and robustness of the Trust’s emergency preparedness response. However, this is not considered to constitute a significant internal control issue.

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

The Trust has a number of processes in place to ensure that resources are used economically, efficiently and effectively. The Trust has an established process in place for budget setting, monitoring and reporting.

Internal Audit has reviewed the financial systems during the year and based on the work undertaken, have concluded that reasonable assurance can be taken and the system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process

objectives achieved. In addition, Internal Audit also reviewed Financial Governance and Learning Lessons from Year End Process and Key Financial Systems and concluded that Reasonable Assurance can be taken, the system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.

The Trust started the year with a challenging CIP target of £13.6m and delivered £13.3m, although £8.1m of this was delivered through non-recurrent schemes which are expected to continue into 20-21. Although the Trust could not deliver its financial plan in 2019-20, primarily due to operational pressures from a rise in demand for non-elective activity, the Trust did better than its forecast by £22k. The deterioration was regularly reported into the Board and NHSE/I where the drivers for the performance is well understood.

The Trust's approved financial plan for 2020/21shows a deficit of £45.2m before any non-recurrent funding is applied. NHSE/I have confirmed that they expect Trusts to break-even in 2020/21 and will be providing necessary funding.

The Trust will be working on its transformation plan, as part of its Reset Plan post-COVID and will explore opportunities for any recurrent savings. Also, further to the ongoing collaboration work with Kettering General Hospital NHS Foundation Trust, the Trust is actively working to improve both the quality and financial viability of acute services and seek in this process to unlock new economies of scale and remove duplication.

The Trust was formally assessed for Use of Resources by NHSI in 2019 with the result published in October. They rated the use of resources at Northampton General Hospital NHS Trust as Requires Improvement. Findings included that the Trust had realised some productivity improvements, however there remain unmet efficiency opportunities within workforce and clinical services. Performance against constitutional operational standards also remains below national standards and national median. The Trust delivered the control totals and plan for 2018/19, with an improvement against the previous year.

6. Information governance

The Data Security and Protection Toolkit deadline has been extended to Sept 31st 2020; the Trust has currently met 102 of the 116 mandatory evidence items required and is on target to complete the toolkit at 100%.

The Trust has reported 10 Information Governance incidents to the Information Commissioners Office (ICO). Nine cases have been closed by the ICO with no further action; one has been down-graded and therefore withdrawn.

7. Data quality and governance

The Pathway Management team specifically focuses on Validation of patient pathways and the accuracy of each step in that pathway from referral to present day; this is supported by a pathway management tool which identifies common errors.

The Data Quality Dashboard identifies peer review on data returns including SUS data and completeness of core data items, with specific areas of concern and risks addressed by the team.

Further scrutiny is provided by the Data Quality Maturity Index whereby the Trust compares its data quality against national peers in order to identify and prioritise necessary improvements.

Further reports are presented each month by Clinical Coding, Data & Information Risks, Informatics reporting and Data Security and Protection Toolkit requirements.

8. Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS trust who have responsibility for the development and maintenance of the internal control framework. 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, the audit committee, quality governance committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Trust Board reviews its governance arrangements every year. The latest review was in December 2019 when the Trust Standing Orders were reviewed in the Audit Committee. All relevant Board sub- committees Terms of Reference have been updated.

Board Reporting

The Board meets monthly throughout the year in private and also in public on a bi-monthly basis. A performance report is received each month with performance overviews provided by the director responsible for performance in each area and risks reviewed. The Board receives updates from the chair of each Board committee following individual committee meetings highlighting the key points discussed and any issues which require escalation.

Board effectiveness

The Board has processes in place to review the effectiveness with which it operates annually. Governance arrangements are also subject to review by Internal Audit annually. In the past 12 months Internal Audit reviews include IT – GDPR- ‘Reasonable Assurance’, Learning Lessons from Incidents & Complaints- ‘Reasonable Assurance’, and IT - Data Security and Protection Toolkit- ‘Reasonable Assurance’.

The Board has been assured that there are robust mechanisms to ensure that the evidence to support compliance is in place and available and is routinely monitored and reported upon within the Trusts governance and performance framework.

The process that has been applied to maintain the effectiveness of a system of internal control was as follows:

The Trust's Audit Committee approved an Internal Audit programme and received all Internal Audit Reports. The committee has reviewed the establishment and maintenance of an effective system of integrated governance, risk management and internal control across the organisations activities both clinical and non- clinical that supported the achievement of the organisations objectives.

Each Board Committee has reviewed its own effectiveness in year with a number of recommendations made to improve effectiveness. Each Committee has also reviewed its Terms of Reference for Board approval.

The Trusts Clinical Audit and Effectiveness Group meet monthly and oversee the Trust's participation in local and national clinical audit and national confidential enquiries, and reports to the Clinical Quality and Effectiveness Group. Divisions receive a monthly update report from the Clinical Audit & Effectiveness Department as part of the governance structure. This update gives highlights by exception of audit progression, findings and actions. This enables the Divisional and directorate management team oversight and ownership of their element of the Trust audit programme.

The Internal Audit's review of the organisation's overall arrangements for gaining assurance has concluded that:

"Reasonable assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weakness in the design and/or inconsistent application of controls put the achievement of particular objectives at risk."

The work performed by Internal Audit during 2019/20 has been driven by a robust planning process, which included a focus on particular areas of potential weakness identified by the Trust. Internal Audit reviews have been completed to plan (there were two delays as a result of the impact of Covid 19, but draft reports have been issued for both) and the recommendations made have been accepted and actioned by the Trust. There was only one area where "Limited Assurance" has been given – Compliance with Disciplinary & Grievance Procedures – Part 1. A follow up review was consequently undertaken in February to consider whether appropriate action which confirmed that actions had been taken to implement three recommendations (one Priority 1, one Priority 2 and one Priority 3 recommendations).

With regard to counter fraud and corruption arrangements during 2019/20, there were eight new referrals, all of which were investigated.

A small number of the referrals were, after initial enquiries not considered suitable for full counter fraud investigation and were therefore referred back to HR or departmental line manager for internal action.

The remaining cases are ongoing, with one being submitted to the Crown Prosecution Service for consideration of prosecution, with two further cases expected to be submitted, however these are being held up by the current COVID-19 crisis. The remainder of the cases are currently ongoing. The potential financial value of the referrals was not material to the overall finances of the Trust.

The Local Counter Fraud Specialist (LCFS) has supported the Trust to ensure that investigations are carried out promptly and efficiently. In addition, the LCFS has continued to carry out proactive work at the Trust in order to prevent, detect and deter fraud and bribery within the NHS and to also raise awareness of the role of the counter fraud specialist within the Trust and the NHS as a whole. This proactive work has helped to establish an effective anti-fraud culture and zero tolerance approach within the Trust that is fully supported by the Trust Board.

The Trust seeks to learn from incidents to deliver Best Possible Care. Incidents are discussed at a number of forums, including the Review of Harm Group, Clinical Quality and Effectiveness Group and the Quality Governance Committee.

During the past 12 months, the Trust has recorded 55 serious incidents in 2019/20 which is an increase from 34 reported in 2018/19; the largest single theme was around delays in patients' management/diagnosis and/or treatment. The Trust also reported four Never Events related to wrong site surgery (2) and retained objects (2).

Each patient safety incident graded as moderate or serious harm has been reviewed. Those which meet the threshold for more detailed investigation has undergone this, using Root Cause Analysis (RCA) methodology, seeking to determine the Root Cause of any preventable harm. Actions are developed based on the investigation findings and changes put in place to reduce the likelihood of re-occurrence. Lessons learnt are shared in a variety of ways, including but not limited to the Trusts monthly 'Dare to Share' Event which is attended by a Multi-disciplinary audience.

The Care Quality Commission (CQC) and NHS Resolution (NHSR) consider trusts who are high reporters of incidents to have a better and a more effective safety culture. In 2018/19, a total of 14,517 11,439 patient safety incidents were reported, which shows a significant increase (>20%) on the previous reporting year.

To promote incident reporting, the governance team work closely with the all disciplines of staff to improve incident reporting, identify learning points and provide feedback to staff. This is also an opportunity to confirm the Trust has met its obligations of Duty of Candour.

To ensure all patient safety incidents are investigated appropriately and proportionately incidents graded as moderate or above, or other incidents of clinical concern (including some complaints, claims or inquests) are discussed at the weekly Review of Harm Group (RoHG) This multi-disciplinary group, chaired by the Medical Director, providing challenge in a non-threatening environment. The group reports into the Clinical Quality and Effectiveness Group.

The Trust process of monitoring of action plans arising from Serious and Moderate graded Incidents has been strengthened. This is supported by the directorate governance meetings, and departmental meetings to ensure that actions are implemented. This is overseen by the Clinical Quality and Effectiveness Group, as well as our Commissioners. The Trusts Governance Compliance team and Clinical Audit and Effectiveness Team provide key support to the local governance meetings in the clinical areas to implement and close down action plans.

Examples of shared learning from incidents:

The obstetric Never Event was related to a retained object during an episiotomy repair procedure. As a result of this investigation the Trust has developed a LocSSIP for Repair of Episiotomy, revisited the appropriate documentation required during an instrumental delivery and reviewed the training provided to Maternity Support Workers.

The Trust has also had an awareness campaign for identifying the diagnosis of necrotising fasciitis early to allow for earlier surgical intervention as well as continuing the work relating to the Deteriorating Patient. These have been as a result of the finding during the Serious Incident investigations undertaken during 2019/20.

Conclusion

I am pleased to report that, based on the opinion of Internal Audit; that Northampton General Hospital NHS Trust has a sound system of internal control that supports the achievement of its policies, aims and objectives with no significant internal control issues identified.

Appropriate arrangements are in place for discharge of the Trust's statutory functions. These ensure that any potential issues are highlighted to the Board and that the Trust is legally compliant with its statutory responsibilities.

Signed: **Dr Sonia Swart**
Chief Executive **Date: 25 June 2020**

Statement of the Chief Executive's responsibilities as the accountable officer of the trust

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

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

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

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

Signed: **Dr Sonia Swart**
Chief Executive **Date: 25 June 2020**

Statement of directors' responsibilities in respect of the accounts

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

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

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

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

The directors confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS trust's performance, business model and strategy

By order of the Board

25 June 2020 Signed: Dr Sonia Swart, Chief Executive

25 June 2020 Signed: Phil Bradley, Finance Director

STAFF REPORT

Remuneration

A remuneration and appointments committee meets at least annually and is comprised of non-executive directors. The duties of the remuneration and appointments committee are set out in the terms of reference.

The primary role of the remuneration and appointments committee is to establish a formal process for developing policy on executive remuneration and to oversee the appointment process for executive directors.

The remuneration and appointments committee will determine the remuneration and terms of service for the chief executive and executive directors, acting in accordance with the scheme of delegation and reservation of powers to the Board and approve any non-contractual benefits in relation to the termination of employment for executive directors.

The remuneration and appointments committee will oversee the process for the appointment of new members to the trust board of directors, ensuring that there is a formal, lawful procedure in place.

The committee will also ensure that systems and processes are in place for the development of board members where appropriate.

Pay Multiples

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

The banded remuneration of the highest paid director in the Trust in the financial year 2019/20 was £230-235k (2018/19, £225-230k). This was 9.78 times (2018/9, 9.88 times) the median remuneration of the workforce, which was £24k (2018/19, £23k).

In 2019/20 and 2018/19 no employees received remuneration in excess of the highest-paid director. Remuneration ranged from £2k for part-time staff to £189k for the next highest paid director and £218k for the highest paid agency locum (full year effect) (2018/19 £189k)

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

The ratio has decreased in 2019/20 by 0.10. Nursing staff represent the largest increase in total average staff numbers. The majority of staff on Agenda for Change terms and conditions received a pay increase as a result of the pay award deal. For staff on the Band 5 lower increments this was 5%. This has contributed to the increase in the overall median remuneration of the workforce.

Salary and pension entitlements of senior managers

Remuneration

Name and Title	2019-20					
	Salary	Expense payments (taxable) to nearest £100*	Performance Pay and Bonuses	Long term Performance Pay and Bonuses	All Pension-related Benefits	Total - Salary & Benefits
	(bands of £5,000)	£	(bands of £5,000)	(bands of £5,000)	(bands of £2,500)	(bands of £5,000)
Alan Burns - Chairman	35 - 40					35 - 40
Sonia Swart - Chief Executive Officer	230 - 235				0	230 - 235
Deborah Needham - Chief Operating Officer/Deputy Chief Executive Officer	155 - 160				10 - 12.5	165 -170
Matthew Metcalfe - Medical Director	185 - 190				0	185 - 190
Sheran Oke - Director of Nursing, Midwifery & Patient Services	125 - 130				272.5 - 275	395 - 400
Philip Bradley - Director of Finance	* 145 - 150				0	145 - 150
Stuart Finn - Director of Facilities & Capital Development	100 - 105				17.5 - 20	120 - 125
Janine Brennan - Director of Workforce and Transformation (left 27th September 19)	65 - 70				0	65 - 70
Chris Pallot - Director of Strategy & Partnerships	115 - 120				7.5 - 10	125 - 130
Claire Campbell - Director of Corporate Development, Governance & Assurance	110 - 115				5 - 7.5	115 - 120
Bronwen Curtis - Director of HR (from 2nd October 19)	70 - 75				0	70 - 75
Mark Smith - Chief People Officer (from 1st September 19)	35 - 40				15 - 17.5	55 - 60
David Noble - Non-Executive Director (to 31st December 19)	5 - 10					5 - 10
John Archard-Jones - Non-Executive Director	5 - 10					5 - 10
Annette Gill - Non-Executive Director	5 - 10					5 - 10
Jill Houghton - Non-Executive Director	5 - 10					5 - 10
David Moore - Non-Executive Director	5 - 10					5 - 10
Rachel Parker - Non-Executive Director (from 1st January 20)	0 - 5					0 - 5
Emma Heap - Associate Non-Executive Director (to 31st January 20)	5 - 10					5 - 10
Thomson Robinson - Associate Non-Executive Director (from 1st July 19)	5 - 10					5 - 10
Denise Kirkham - Associate Non-Executive Director (from 1st February 20)	0 - 5					0 - 5
Tremaine Richard-Noel - Trainee Shadow Non-Executive (NExT Scheme) (from 8th October)	N/A					N/A

Name and Title	2018-19					
	Salary	Expense payments (taxable) to nearest £100**	Performance Pay and Bonuses	Long term Performance Pay and Bonuses	All Pension-related Benefits	Total - Salary & Benefits
	(bands of £5,000)	£	(bands of £5,000)	(bands of £5,000)	(bands of £2,500)	(bands of £5,000)
Paul Farenden - Chairman (to 18th December 18)	25 - 30	1,300				25 -30
Alan Burns - Chairman (from 20th December 18)	5 - 10					5 - 10
Sonia Swart - Chief Executive Officer	225 - 230				0	225 - 230
Deborah Needham - Chief Operating Officer / Deputy Chief Executive Officer /Acting Chief Exec (from 12 January 19 to 31 March 19)	145 - 150				97.5 - 100	245 - 250
Carl Holland - Acting Chief Operating Officer (from 12 January to 31 March 19)	20- 25				112.5 -115	135 - 140
Lee-Anne Taylor - Acting Chief Operating Officer (from 12 January to 31 March 19)	20 - 25				2. 5 - 5	20 - 25
Matthew Metcalfe - Medical Director	180 - 185				0	180 - 185
Carolyn Fox - Director of Nursing, Midwifery & Patient Services (to 30th September 18)	50 - 55				75 - 77.5	130 - 135
Sheran Oke - Director of Nursing, Midwifery & Patient Services (from 1st October	70 - 75				0	70 - 75
Philip Bradley - Director of Finance from 1st September 18 (Interim Director of Finance to 31st August 18)	135 - 140				105 - 107.5	240 - 245
Stuart Finn - Director of Facilities & Capital Development from 30th October 18 (Interim Director of Facilities & Capital Development to 29th October 18)	100 - 105				15 - 17.5	120 - 125
Janine Brennan - Director of Workforce and Transformation	120 - 125				0	120 - 125
Chris Pallot - Director of Strategy & Partnerships	115 - 120				50 - 52.5	165 - 170
Catherine Thorne - Director of Corporate Development, Governance & Assurance (to 30th September 18)	50 - 55				22.5 - 25	75 - 80
Claire Campbell - Director of Corporate Development, Governance & Assurance (from 22nd October 18)	45 - 50				117.5 - 120	165 - 170
Phil Zeidler - Non-Executive Director (Vice Chairman) (to 30th November 18)	0 - 5					0 - 5
David Noble - Non-Executive Director	5 - 10	1,100				5 - 10
John Archard-Jones - Non-Executive Director	5 - 10					5 - 10
Annette Gill - Non-Executive Director	5 - 10					5 - 10
Jill Houghton - Non-Executive Director (from 1st May 18)	5 - 10	1400				5 - 10
David Moore - Non-Executive Director (from 1st August 18)	0 - 5	500				0 - 5
Emma Heap - Associate Non-Executive Director	5 - 10					5 - 10

Salary Notes

The 2018-19 salary for the following represents a full year : Janine Brennan, David Noble & Emma Heap
Sheran Oke's 2018-19 salary represents 6 months only
Claire Campbell's 2018-19 salary represents 5 months only
Jill Houghton's 2018-19 salary represents 11 months only
David Moore's 2018-19 salary represents 8 months only
Bronwen Curtis, Mark Smith, Thomson Robinson, Rachel Parker & Denise Kirkham were appointed to the Board in 2019-20. There is therefore no salary information for 2018-19
Mark Smith was appointed as Chief People Officer across both Kettering & Northampton General Hospitals in September 2019. KGH has recharged 50% of his total annual salary (130 - 135k) to NGH for the 7 month period that he had held the Group role.
Tremaine Richard-Noel is on a placement through the NExT Director Scheme and does not receive a salary from NGH

The benefits paid to Non-Executives and Chairman above relate to travel and subsistence between home & office

All pension related benefits represent the annual increase in total pension benefits entitlement. This represents the values payable at the beginning and end of the financial year, adjusted for inflation, irrespective of whether or not the position was held for full or part year and length of NHS service. Where this value is negative a nil balance is shown
* Phil Bradley salary £140-145k and additional payment in lieu of employers pension contribution £7.5-10k

** Note: Taxable expenses and benefits in kind are expressed to the nearest £100.

Pension Benefits

Name & Title	Real increase in pension at Pension Age (bands of £2,500)	Real increase in pension lump sum at Pension Age (bands of £2,500)	Total accrued pension at Pension Age at 31 March 2020 (bands of £5,000)	Lump sum at Pension Age related to accrued pension at 31 March 2020 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2019	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2020	Employer's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£000
Sonia Swart - Chief Executive Officer	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Deborah Needham - Chief Operating Officer/Deputy Chief Executive Officer	0 - 2.5	0	55 - 60	125 - 130	882	14	938	N/A
Matthew Metcalfe - Medical Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sheran Oke - Director of Nursing, Midwifery & Patient Services	12.5 - 15	37.5 - 40	50 - 55	155 - 160	882	296	1,217	N/A
Philip Bradley - Director of Finance	0	0	55 - 60	175 - 180	1,321	20	1,376	N/A
Stuart Finn - Director of Facilities & Capital Development	0 - 2.5	0	15 - 20	30 - 35	270	9	299	N/A
Janine Brennan - Director of Workforce and Transformation (to 27th September 19)	0	0	40 - 45	120 - 125	1,153	0	979	N/A
Chris Pallot - Director of Strategy & Partnerships	0 - 2.5	0	40 - 45	85 - 90	639	7	678	N/A
Claire Campbell - Director of Corporate Development, Governance & Assurance	0 - 2.5	0 - 2.5	50 - 55	155 - 160	1,134	34	1,207	N/A
Bronwen Curtis - Director of HR (from 2nd October 19)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mark Smith - Chief People Officer (from 1st September 19)	0 - 2.5	0	10-15	N/A	88	4	109	N/A

As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's (or other allowable beneficiary's) pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with SI 2008 No.1050 Occupational Pension Schemes (Transfer Values) Regulations 2008.

Real Increase in CETV - This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.

The inflation applied to the accrued pension, lump sum (if applicable) and CETV is the percentage (if any) by which the Consumer Prices Index (CPI) for the September before the start of the tax year is higher than it was for the previous September.
The Consumer Prices Index up to September 2018 was 2.4%,. Therefore for pensions and CETV calculation purposes CPI is 2.4%.
The method used to calculate CETVs changed, to remove the adjustment for Guaranteed Minimum Pension (GMP) on 8 August 2019. If the individual concerned was entitled to a GMP, this will affect the calculation of the real increase in CETV. This is more likely to affect the 1995 Section and the 2008 Section., but does not affect the calculation of the real increase in pension benefits in the Pensions Table, or the Single total figure table in the Salary Table.

No lump sum is shown for senior managers who only have membership in the 2015 Scheme or 2008 Section (unless they chose to move their 1995 Section benefits to the 2008 Section under the Choice exercise). No CETV is shown for pensioners or senior managers over NPA. Age 60 in the 1995 Section, age 65 in the 2008 Section or SPA or age 65, whichever is the later, in the 2015 scheme. No values are shown for senior managers that have opted out of the NHS Pension scheme.

Off Payroll Engagements 2019/20

Table 1: Off-Payroll Engagements longer than 6 months

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

Narrative	Number
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	**2**
for between 1 and 2 years at the time of reporting	
for between 2 and 3 years at the time of reporting	
for between 3 and 4 years at the time of reporting	
for 4 or more years at the time of reporting	

Table 2: New Off-Payroll Engagements

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and last longer than six months

Narrative	Number
Number of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	**3**
Of which:	
Number assessed as caught by IR35	**3**
Number assessed as not caught by IR35	**0**
Number engaged directly (via PSC contracted to department) and are on the departmental 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**

Table 3: Off-Payroll board membership / senior official engagements

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

Number of off-payroll engagements of board members, and/or senior officers with significant financial responsibility, during the financial year	**0**

Total number of individuals on payroll and off-payroll that have been deemed “board members, and/or senior officers with significant financial responsibility” during the financial year.	**12**

Staff cost and numbers

Staff costs

			2019/20	2018/19
	Permanent	Other	Total	Total
	£000	£000	£000	£000
Salaries and wages	186,606	1,081	**187,688**	**174,190**
Social security costs	19,250	0	**19,250**	**17,548**
Apprenticeship levy	942	0	**942**	**851**
Employer's contributions to NHS pensions	29,851	0	**29,851**	**19,238**
Pension cost - other	36	0	**36**	**11**
Other post-employment benefits	0	0	**0**	**0**
Other employment benefits	0	0	**0**	**0**
Termination benefits	740	0	**740**	**0**
Temporary staff	0	18,598	**18,598**	**12,543**
Total gross staff costs	**237,030**	**19,679**	**256,709**	**224,381**
Recoveries in respect of seconded staff	0	0	**0**	**0**
Total staff costs	**237,030**	**19,679**	**256,709**	**224,381**
Of which				
Costs capitalised as part of assets	564	0		**97**

Average number of employees (WTE basis)

			2019/20	2018/19
	Permanent	Other	Total	Total
	Number	Number	Number	Number
Medical and dental	535	85	**620**	**580**
Ambulance staff	0	0	**0**	**0**
Administration and estates	1040	95	**1135**	**1,073**
Healthcare assistants and other support staff	987	217	**1204**	**1,109**
Nursing, midwifery and health visiting staff	1403	217	**1620**	**1,545**
Nursing, midwifery and health visiting learners	0	0	**0**	**0**
Scientific, therapeutic and technical staff	536	37	**573**	**562**
Healthcare science staff	151	0	**151**	**149**
Social care staff	0	0	**0**	**0**
Other	0	0	**0**	**0**
Total average numbers	**4652**	**651**	**5303**	**5,018**
Of which:				
Number of employees (WTE) engaged on capital projects	15	0	**15**	**0**

Reporting of compensation schemes - exit packages 2019/20

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
	Number	**Number**	**Number**
Exit package cost band (including any special payment element)			
<£10,000	0	0	**0**
£10,000 - £25,000	0	1	**1**
£25,001 - 50,000	0	0	**0**
£50,001 - £100,000	0	1	**1**
£100,001 - £150,000	0	0	**0**
£150,001 - £200,000	0	0	**0**
>£200,000	0	0	**0**
Total number of exit packages by type	**0**	**1**	**1**
Total cost (£)	£0	£74,000	**£74,000**

Exit packages: other (non-compulsory) departure payments

	2019/20		2018/19	
	Payments agreed		Payments agreed	
	Number	**£000**	**Number**	**£000**
Voluntary redundancies including early retirement contractual costs	0	0	0	0
Mutually agreed resignations (MARS) contractual costs	0	0	0	0
Early retirements in the efficiency of the service contractual costs	0	0	0	0
Contractual payments in lieu of notice	2	74	0	0
Exit payments following Employment Tribunals or court orders	0	0	0	0
Non-contractual payments requiring HMT approval	0	0	0	0
Total	**2**	**74**	**0**	**0**
Of which:				
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

Staff sickness absence

Staff sickness absence data is published nationally. Information can be obtained via the NHS Digital publication series on NHS Sickness Absence Rates.

Early retirements due to ill health

	2019/20	2019/20	2018/19	2018/19
	£000	Number	£000	Number
No of early retirements on the grounds of ill-health		1		2
Value of early retirements on the grounds of ill-health	29		65	

Our Trade Union activity

As part of the Trade Union (Facilities Time Publication Requirements) Regulations 2017, we have collated information regarding the facilities time activities of our recognised Trade Union officials during the relevant period of 1 April 2019 to 31 March 2020. We have undertaken the following calculations and the results are detailed in the tables below:

- Number of employees who were relevant union officials during the relevant period
- Full-time equivalent employee number
- Percentage of time spent on facility time
- Percentage of pay bill spent on facility time
- Paid trade union activities

Relevant Union Officials

Number of Employees Who Were Relevant Union Officials During the Relevant Period	Full-Time Equivalent Employee Number
34	33.09

Percentage of Time Spent on Facility Time

Percentage of Time	Number of Employees
0%	13
1%-50%	21
51%-99%	0
100%	0

Percentage of Pay Bill Spent on Facility Time

Total Cost of Facility Time	£16,277.29
Total Pay Bill	£226,003.574
Percentage of Total Pay Bill Spent on Facility Time	0.01%

Paid Trade Union Activities

Time Spent on Paid Trade Union Activities as a Percentage of Total Paid Facility Time Hours	6.22%

Equality, Diversity and Inclusion

During 2019/20 we continued to work to and review our progress against our Equality Objectives/4 Year Plan. The two key objectives are based on the Equality Delivery System (EDS2) outcomes relating to the workforce, with the key actions linked to:

- The Workforce Race Equality Standard (WRES)
- Gender Pay Gap Reporting
- Staff Survey Results
- Divisional Equality Objectives
- Leadership and Management Development Programmes.

And, for the first time, the newly launched Workforce Disability Standard (WDES).

Our objectives are:

EDS2 Goal	Objective
1. Representative and supported workforce	We will improve our staff satisfaction rates as reported in the annual staff survey. We will make year on year improvements on our staff survey results, aiming to achieve top 20% of acute Trusts for staff engagement. We will improve the experiences and treatment between White staff and BME staff at the Trust by progressing WRES and monitoring outcomes.
2. Inclusive leadership	We will improve our leadership and management capability.

Following the appointment of our Head of Equality, Diversity and Inclusion work has commenced on reviewing our objectives, which will shape our future plans and objectives.

Our current plan and all our other equality and diversity documents can be accessed via our website: https://www.northamptongeneral.nhs.uk/About/Equality-and-diversity-information/Equality-Diversity-Inclusion.aspx .

2019 NHS Staff Survey Equality and Diversity Key Findings

The demographics of our workforce who responded to the staff survey were broadly similar to our overall workforce with the exception of disabled staff where 23% of the respondents indicated they had a disability compared to the 3% of the workforce recorded on our systems.

For the overall 'theme' of Equality, Diversity and Inclusion we scored 8.8 out of 10, which is a deterioration of 0.1 since the 2018 survey. We are below the national average of 9.0.

Underpinning this theme there are 4 questions from the Staff Survey that contribute to the overall 'theme' result:

Question 14 *– Does your organisation act fairly with regard to career progression/promotion, regardless of ethnic background, gender, religion, sexual orientation, disability or age?*

There has been a deterioration of 2.8% since 2018 and we are worse than the national average by 3.7%. The national average has improved by 0.4% since the 2018 survey.

Question 15a *– In the last 12 months have you personally experienced discrimination at work from patients/service users, their relatives or other members of the public?*

There has been a deterioration of 1.3% since 2018 and we are worse than the national average by 3%. The national average has deteriorated by 0.5% since the 2018 survey.

Question 15b *–In the last 12 months have you personally experienced discrimination at work from managers/team leaders or other colleagues?*

There has been a deterioration of 0.2% since 2018 and we are worse than the national average by 2.9%. The national average has improved by 0.3% since the 2018 survey.

Question 28b *– Has you employer made adequate adjustments to enable you to carry out your work?*

There has been an improvement of 0.3% since 2018 and we are better than the national average by 2.9%. The national average has improved by 1.5% since the 2018 survey.

The survey has highlighted some areas of concern and we will be working with our teams to analyse the results more deeply in order to continue our work in ensuring all our staff are focused on our values, by displaying positive, inclusive and respectful behaviours.

Workforce Race Equality Standards

We undertook the data analysis exercise for the National Workforce Race Equality Standard (WRES) in 2019 and compared these results to those of 2018 to establish if there had been improvements or deteriorations in the experiences or the treatment of BME staff when compared to our White staff.

We showed improvement in:

- The number of BME staff we employee
- The likelihood of BME applicants being shortlisted when compared to White applicants
- The likelihood of BME staff accessing non-mandatory training/Continuous Professional Development when compared to White Staff

Deteriorations were seen in:

- The likelihood of BME staff entering the formal disciplinary process, when compared to White staff.
- BME staff and White staff experiencing bullying, harassment or abuse from other colleagues in the last 12 months
- BME staff and White experiencing bullying, harassment or abuse from patients, relatives or the public
- BME staff believing career progression/promotion is fair when compared to White staff
- BME staff experiencing discrimination
- The percentage difference between our Board voting membership and our overall BME workforce.

One area was unchanged from 2018, namely the number of very senior managers who are BME.

We acknowledge there is still work to do to improve the experiences and treatment of our BME workforce and we will be working with our Black, Asian and Minority Ethnic (BAME) Staff Group to address the issues highlighted.

The National WRES Report was released in January 2020 and when comparing our results to the national results we have more positive results for some of the indicators. In the main the areas where our results are below that of the national results is for the same areas where we have deteriorated since 2018.

Our WRES report can be accessed via our website.

Workforce Disability Equality Standard

2019 saw the introduction of the Workforce Disability Equality Standard (WDES). As with the WRES, this is a set of key indicators to compare the experiences and treatment of our disabled staff compared to our non-disabled staff.

As this is the first time the data has been collected we were not able to make a historical comparison to assess if there have been improvements or deteriorations, so this will be undertaken the next time the data is collected.

The National WDES Report was released in March 2020 and when comparing our results to the national results we have more positive results for some of the indicators, such as the number of disabled staff entering a formal capability process when compared to non-disabled staff and the percentage of staff who felt adequate reasonable adjustments had been made to enable them to carry out their work.

The areas where we had less positive results than those nationally were around bullying, harassment or discrimination and disabled staff who believe we provide equal opportunities for career progression or promotion.

Our WDES report can be accessed via our website.

Gender Pay Gap Reporting 2019

As per the Gender Pay Gap Information Regulations 2017 we compiled and analysed our data and submitted it to the Government in February 2020, as part of the requirements under the Regulations. Although we are not legally required to produce a written report it was agreed this should be done to give context to the data and this was also published on our website.

There has been an increase in the gap since 2018, indicating that there is a difference in the average pay of our male and female staff that needs to be addressed, which includes a greater female representation in our senior clinical roles.

Our Gender Pay Gap report can be accessed via our website

Gender Distribution of Staff

All Employees

Overall Total

Gender	Count	%
Female	4324	79.24
Male	1133	20.76
Grand Total	5457	100

Directors and Non-Executive Directors

Overall Total

Gender	Count	%
Female	8	53.33
Male	7	46.67
Grand Total	15	100

Senior Managers (Band 8a and above) and Senior Medical Staff

Overall Total

Gender	Count	%
Female	248	53.22
Male	218	46.78
Grand Total	466	100

Senior Managers (Band 8a and above)

Gender	Count	%
Female	164	72.89
Male	61	27.11
Grand Total	225	100

Breakdown by Senior Manager Pay Scales

Pay Scale	Count	Female	Male
XN08/XR08	137	108	29
XN09/XR09	49	28	21
XN10/XR10	14	11	3
XN11/XR11	7	6	1
WQ00	18	11	7
Total	225	164	61

Senior Medical Staff (Consultants)

Gender	Count	%
Female	84	34.85
Male	157	65.15
Grand Total	241	100

Breakdown by Senior Medical Staff (Consultant) Pay Scales

Pay Scale	Count	Female	Male
WQ00	1	1	0
YC53	2	1	1
YC55	1	1	0
YC62	1	1	0
YC72	98	39	59
YC73	12	3	9
YM51	3	2	1
YM52	5	0	5
YM53	11	4	7
YM54	5	1	4
YM55	10	3	7
YM56	4	2	2
YM57	7	1	6
YM58	5	0	5
YM59	1	0	1
YM60	2	0	2
YM61	2	0	2
YM62	0	0	0
YM63	1	1	0
YM69	0	0	0
YM72	67	23	44
YM73	3	1	2
Total	241	84	157

Disability Related Polices

Our key disability related policy is our Employment of Staff with a Disability Policy. This is supported by two other policies, namely the:

- Recruitment, Selection and Retention Policy
- Supporting and Management Workplace Sickness Absence Policy.

The aim of our Employment of People with a Disability Policy is:

- To raise awareness of the employment of people with disabilities throughout the organisation and ensure employees are aware of the Trusts commitment towards disabled people or someone's association with a disabled person
- To ensure recruitment procedures are reviewed and developed to encourage applications and the employment of people with disabilities or someone associated with a disabled person
- To ensure that staff and potential job applicants with a disability, or associated with a disabled person, are treated fairly and receive the same opportunities as other staff to develop within the Trust with appropriate and reasonable support.
- To take all reasonable steps to ensure that the working environment does not prevent disabled people or people associated with a disabled person from taking up positions for which they are suitably qualified.
- To assist staff who become disabled during their employment to adapt to the disability and to continue in post wherever possible, or, if this is not possible, to be redeployed or retrained, where this is practicable.

The policy provides guidance on the recruitment and ongoing employment of people with a disability. The policy focuses in particular on the responsibilities of all staff groups during the recruitment and selection process of an individual who has identified they have a disability or associate with a person who has a disability, in addition to the management of a current employee who develops or has an existing disability.

The Supporting and Management Workplace Sickness Absence Policy provides our managers with clear guidelines when supporting and managing either short term or long term sickness absence and other absences in connection with sickness. It is is designed to ensure a consistent approach and support for employees who due to ill health and/or injury fail to meet reasonable required standards of attendance at work, along with ensuring compliance with the requirements of any relevant employment legislation including the Equality Act 2010 for staff who are absence due to disability related sickness.

The Recruitment, Selection and Retention Policy, together with the associated procedures, provides a framework which promotes a professional approach and the highest possible standards throughout the recruitment and selection process and to ensure a proactive and lawful approach to equality and diversity issues within the process, including the recruitment of disabled people.

We continue to be certified as a Disability Confident Employer (Level 2) and as part of this commitment, we will:

1. Get the right people for our organisation - which includes providing fully inclusive and accessible recruitment processes, offering interviews to disabled people who meet the minimum criteria for the job and making reasonable adjustments as required.
2. Keep and develop our staff - which includes supporting employees to manage their disabilities or health conditions.

Dr Sonia Swart, Chief Executive

SECTION THREE:

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF NORTHAMPTON GENERAL HOSPITAL NHS TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 March 2020 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as being relevant to NHS Trusts in England and included in the Department of Health and Social Care Group Accounting Manual 2019/20.

Basis for opinion

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

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Director's conclusions we considered the inherent risks to the Trust's operations and analysed how these risks might affect the Trust's financial resources, or ability to continue its operations over the going concern period. 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.

Other information in the Annual Report

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

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Based solely on that work we have not identified material misstatements in the other information. In our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements.

Annual Governance Statement

We are required to report to you if the Annual Governance Statement has not been prepared in accordance with the requirements of the Department of Health and Social Care Group Accounting Manual 2019/20. We have nothing to report in this respect.

Remuneration and Staff Report

In our opinion the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2019/20.

Directors' and Accountable Officer's responsibilities

As explained more fully in the statement set out on page 43, the directors are responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity. As explained more fully in the statement of the Chief Executive's responsibilities, as the Accountable Officer of the Trust, on Page 42 the Accountable Officer is responsible for ensuring that annual statutory accounts are prepared in a format directed by the Secretary of State.

Auditor's responsibilities

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

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

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

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

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

Adverse conclusion

As a result of the matters outlined in the basis for adverse conclusion paragraph below, we are unable to satisfy ourselves that, in all significant respects Northampton General Hospital NHS Trust put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2020.

Basis for adverse conclusion

In considering the adequacy of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources we identified two significant use of resources risks upon completion of value for money risk assessment against the criteria identified within the Code of Audit Practice. The two areas of risk were sustainable deployment of resources and informed decision making.

The Trust reported a deficit of £19.5 million for 2019/20. This is an adverse variance to its plan of £8.5 million. As well the Trust now has a cumulative deficit of £100.2 million.

The Trust has also failed to meet a number of key operational targets for the year. In particular the Trust has failed to meet its accident and emergency target and its 62 day cancer target.

In addition, in October 2019, the Care Quality Commission (CQC) published the results from its latest inspection of the Trust carried out in June to July 2019. This rated the Trust overall as 'requires improvement' which is a deterioration from its previous "good" rating issued in October 2017.

This means we do not have sufficient assurance of the Trust having put in place suitable arrangement for the sustainable deployment of resources or informed decision making. It is as a result of these matters that we have issued an adverse conclusion.

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

As explained in the statement set out on page 42 the Chief Executive, as the Accountable Officer, is responsible for ensuring that value for money is achieved from the resources available to the Trust. We are required under section 21(3)(c), as amended by schedule 13 paragraph 10(a), of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the specified criterion issued by the Comptroller and Auditor General (C&AG) in December 2019 and updated in April 2020 as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice and related guidance. Based on our risk assessment, we undertook such work as we considered necessary.

Statutory reporting matters

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

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Trust under section 24 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

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

On 17 March 2020, we referred a matter to the Secretary of State under section 30 (1)(b) of the 2014 Act in relation to the breach of the Trust's breakeven duty due to the projected breakeven duty deficit of £19.5 million in 2019/20, and the projected cumulative breakeven duty position of a deficit of £100.2 million at 31 March 2020.

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

This report is made solely to the Board of Directors of Northampton General Hospital NHS Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Board of the Trust, as a body, 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 Board of the Trust, as a body, for our audit work, for this report or for the opinions we have formed.

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Northampton General Hospital NHS Trust for the year ended 31 March 2020 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Signed:

Andrew Cardoza
for and on behalf of KPMG LLP
Chartered Accountants
One Snowhill
Snowhill Queensway
Birmingham
B4 6GH

25 June 2020

Statement of Comprehensive Income

	Note	2019/20 £000	2018/19 £000
Operating income from patient care activities	3	321,285	288,422
Other operating income	4	37,844	38,149
Operating expenses	7, 9	(378,831)	(338,879)
Operating surplus/(deficit) from continuing operations		**(19,702)**	**(12,308)**
Finance income	12	109	92
Finance expenses	13	(1,902)	(1,815)
PDC dividends payable		(826)	(1,400)
Net finance costs		**(2,619)**	**(3,123)**
Other gains / (losses)	14	51	14
Surplus / (deficit) for the year from continuing operations		**(22,270)**	**(15,417)**
Surplus / (deficit) for the year		**(22,270)**	**(15,417)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	8	2,259	(758)
Revaluations	18	0	510
Total comprehensive income / (expense) for the period		**(20,011)**	**(15,665)**
Adjusted financial performance (control total basis):			
Surplus / (deficit) for the period		(22,270)	(15,417)
Remove net impairments not scoring to the Departmental expenditure limit		2,949	1,093
Remove I&E impact of capital grants and donations		266	(108)
Remove 2018/19 post audit PSF reallocation (2019/20 only)		(421)	0
Adjusted financial performance surplus / (deficit)		**(19,476)**	**(14,432)**

The increase in impairment of £2,949k relates to a revaluation exercise applied to the Trust's building as at 31 March 2020 and is excluded from retained deficit and statutory breakeven in accordance with the DHSC Group Accounting Manual (GAM), note 16 refers.

Donated asset adjustment of £266k (consisting of £364k donated depreciation less £98k donated additions) is excluded from retained surplus and statutory breakeven duty in accordance with the DHSC Group Accounting Manual.

Statement of Financial Position

	Note	31 March 2020 £000	31 March 2019 £000
Non-current assets			
Intangible assets	15	1,762	1,993
Property, plant and equipment	16	158,599	159,991
Receivables	20	813	183
Total non-current assets		**161,174**	**162,167**
Current assets			
Inventories	19	5,474	5,338
Receivables	20	19,617	23,889
Cash and cash equivalents	21	1,576	1,553
Total current assets		**26,667**	**30,780**
Current liabilities			
Trade and other payables	22	(21,866)	(21,868)
Borrowings	24	(109,544)	(42,125)
Provisions	26	(1,132)	(731)
Other liabilities	23	(3,066)	(2,657)
Total current liabilities		**(135,608)**	**(67,381)**
Total assets less current liabilities		**52,233**	**125,566**
Non-current liabilities			
Borrowings	24	(10,258)	(64,378)
Provisions	26	(937)	(189)
Total non-current liabilities		**(11,195)**	**(64,567)**
Total assets employed		**41,038**	**60,999**
Financed by			
Public dividend capital		120,588	120,538
Revaluation reserve		33,342	31,277
Income and expenditure reserve		(112,892)	(90,816)
Total taxpayers' equity		**41,038**	**60,999**

The notes on pages 68 to 111 form part of these accounts.

The financial statements on pages 63 to 67 were approved by the Board on 25 June 2020 and signed on its behalf by

Name **Dr Sonia Swart**

Position Chief Executive Officer

Date 25 June 2020

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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**120,538**	**31,277**	**(90,816)**	**60,999**
Surplus/(deficit) for the year	0	0	(22,270)	**(22,270)**
Other transfers between reserves	0	(194)	194	**0**
Impairments	0	2,259	0	**2,259**
Revaluations	0	0	0	**0**
Public dividend capital received	50	0	0	**50**
Public dividend capital repaid	0	0	0	**0**
Taxpayers' and others' equity at 31 March 2020	**120,588**	**33,342**	**(112,892)**	**41,038**

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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2018 - brought forward	**120,251**	**31,782**	**(75,656)**	**76,377**
Prior period adjustment	0	0	0	**-**
Taxpayers' and others' equity at 1 April 2018 - restated	**120,251**	**31,782**	**(75,656)**	**76,377**
Surplus/(deficit) for the year	0	0	(15,417)	**(15,417)**
Other transfers between reserves	0	(257)	257	**0**
Impairments	0	(758)	0	**(758)**
Revaluations	0	510	0	**510**
Public dividend capital received	287	0	0	**287**
Taxpayers' and others' equity at 31 March 2019	**120,538**	**31,277**	**(90,816)**	**60,999**

Information on reserves

Public dividend capital

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

Revaluation reserve

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

Financial assets reserve

This reserve comprises changes in the fair value of financial assets measured at fair value through other comprehensive income. When these instruments are derecognised, cumulative gains or losses previously recognised as other comprehensive income or expenditure are recycled to income or expenditure, unless the assets are equity instruments measured at fair value through other comprehensive income as a result of irrevocable election at recognition.

Income and expenditure reserve

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

Statement of Cash Flows

	Note	2019/20 £000	2018/19 £000
Cash flows from operating activities			
Operating surplus / (deficit)		(19,702)	(12,308)
Non-cash income and expense:			
Depreciation and amortisation	7.1	12,155	10,402
Net impairments	8	2,949	1,093
Income recognised in respect of capital donations	4	(98)	(414)
(Increase) / decrease in receivables and other assets		3,630	(7,904)
(Increase) / decrease in inventories		(136)	934
Increase / (decrease) in payables and other liabilities		426	1,820
Increase / (decrease) in provisions		1,139	(2,832)
Other movements in operating cash flows		(7)	(88)
Net cash flows from / (used in) operating activities		**356**	**(9,297)**
Cash flows from investing activities			
Interest received		109	92
Purchase of intangible assets		(792)	(1,175)
Purchase of PPE and investment property		(10,351)	(7,963)
Sales of PPE and investment property		51	14
Net cash flows from / (used in) investing activities		**(10,983)**	**(9,032)**
Cash flows from financing activities			
Public dividend capital received		50	287
Movement on loans from DHSC		14,127	20,861
Movement on other loans		249	453
Capital element of finance lease rental payments		(1,117)	(860)
Interest on loans		(1,429)	(1,152)
Other interest		(1)	(1)
Interest paid on finance lease liabilities		(415)	(353)
PDC dividend (paid) / refunded		(814)	(900)
Net cash flows from / (used in) financing activities		**10,650**	**18,335**
Increase / (decrease) in cash and cash equivalents		**23**	**6**
Cash and cash equivalents at 1 April - brought forward		**1,553**	**1,547**
Prior period adjustments		0	0
Cash and cash equivalents at 1 April - restated		**1,553**	**1,547**
Cash and cash equivalents at 31 March	21.1	**1,576**	**1,553**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

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

Accounting convention

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

Note 1.2 Going concern

These accounts have been prepared on a going concern basis.

Going Concern

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

In preparing the financial statements the Board of Directors has considered the Trust's overall financial position against the requirements of IAS1. The operational plans for 2020-21 which is based on discussions within the Northamptonshire Health and Care Partnership suggests that the Commissioners will continue to fund/commission the Trust to provide healthcare services in 2020-21. Also, the Trust has not received any notice of discontinuation or notice of transfer of its services to another entity.

In addition, on 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. The affected loans totalling £108.253 million, including accrued interest, are classified as current liabilities within these financial statements. As the repayment of these loans will be funded through the issue of PDC, this does not present a going concern risk for the Trust.

Continuity of service

The Trust recorded a deficit of £19,476k which was a deterioration from the break-even plan set at the start of the year, as a result of operational impact (£8,504k) and loss of PSF funding (£10,972k). However this position was £22k better than the financial forecast submitted in January 2020. Further, the Trust delivered £13,336k of its challenging CIP target of £13,632k which included £5,269k of recurrent CIPs.

Looking ahead, COVID-19 presents a real challenge for managing the Trust's operational activity including its resources in 2020-21 however given the support from DHSC, the Directors believe that the Trust will continue to provide its services to the people of Northamptonshire. In addition, as the Trust has not received any notice of discontinuation or notice of transfer of its services to another entity, it intends to prepare its accounts on a going concern basis.

Note 1.3 Revenue from contracts with customers
Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS).

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

Payment terms are standard reflecting cross government principles.

A full review was undertaken, in conjunction with the Procurement and Contracting leads, in 2018-19 to understand existing contractual arrangements with non NHS Providers. The purpose was to identify any existing contracts which include performance obligations, which relate to the typical timing of payment (ie credit terms) and the effect that these factors have on contract balances. No significant contracts were identified following review based on the five stage model outlined in IFRS15. New and existing contracts continue to be reviewed as part of business as usual.

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

Contract / Invoice Challenges – Income Team to confirm no changes from 18-19
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 with an adjustment to recognise the relevant portion of income

Penalties
Where the Trust is aware of a penalty based on contractual performance, the Trust reflects this in an adjustment in recognition of revenue reduction. Revenue is reduced by the value of the penalty.

Readmissions

In 2019/20 the readmission deduction is an agreed block value, reducing the value of the contract with the Lead Commissioner and Specialised Commissioning.

CQUIN

The Trust receives income from commissioners under Commissioning for Quality and Innovation (CQUIN) schemes. The Trust agrees schemes with its commissioners. The CQUIN payments are discrete payments in their own right dependant on meeting specific criteria for each individual scheme. Income is estimated based on forecast performance, and confirmed each quarter.

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. No contracts have been identified which include any performance obligations for 2019/20. Some research income alternatively falls within the provisions of IAS 20 for government grants.

NHS injury cost recovery scheme

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

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

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

Note 1.4 Other forms of income

Grants and donations

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

Apprenticeship service income

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

Note 1.5 Expenditure on employee benefits

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

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

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

Note 1.6 Expenditure on other goods and services
Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

Note 1.7 Property, plant and equipment

Recognition
Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the trust
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the item has cost of at least £5,000, or
- collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.
- items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

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

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably.

Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Measurement

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

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

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

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

For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and meeting the location requirements of the services being provided.

The Trust undertakes an annual desktop revaluation exercise with a full revaluation exercise undertaken on a five yearly basis. A full exercise has been undertaken during 2019-20 and applicable at 31 March 2020.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences when the assets are brought into use.

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

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease 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 to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Income.

Depreciation

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

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

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

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

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

Impairments

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

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

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

De-recognition
Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

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

Donated and grant funded assets

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

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

Useful lives of property, plant and equipment

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

	Min life Years	**Max life Years**
Buildings, excluding dwellings	16	55
Dwellings	34	34
Plant & machinery	5	15
Transport equipment	7	7
Information technology	1	10
Furniture & fittings	5	5

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

Note 1.8 Intangible assets

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.
Internally generated intangible assets

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

Expenditure on research is not capitalised. Expenditure on development is capitalised where it meets the requirements set out in IAS 38.

Software

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

Measurement

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

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

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

Amortisation

Intangible assets are amortised over their expected useful lives in a manner consistent with the consumption of economic or service delivery benefits.

Useful lives of intangible assets

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

	Min life Years	**Max life Years**
Information technology	1	10
Software licences	1	3

Note 1.9 Inventories

Drugs and consumables are valued at current replacement costs; this is considered to be a reasonable approximation to fair value due to the high turnover of stocks. Fuel Oil is valued at the lower of cost and net realisable value, recognising that it has limited commercial value.

Note 1.10 Cash and cash equivalents

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

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

Note 1.11 Carbon Reduction Commitment scheme (CRC)

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

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

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

Note 1.12 Financial assets and financial liabilities

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

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

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

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

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

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

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

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

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

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

Impairment of financial assets

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

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

A full review has been undertaken by invoice type which includes general, private patient, overseas visitors, salary overpayments and NHS organisations. This has been analysed by levels of aged debt to determine a level of anticipated loss in relation to these. The overseas visitors assumes an average recovery level based on cash received for invoices raised in 2019/20 circa 27%. A specific loss basis has been included for longstanding debt included in 2019/20 and for specific accounts being undertaken to recover salary overpayments on a case by case basis. This does not include outstanding debt with other NHS organisations.

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 estimated future cash flows discounted at the financial asset's original effective interest rate.

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

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

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

Note 1.13 Leases
Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

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

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

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to finance costs in the Statement of Comprehensive Income.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially in other liabilities on the statement of financial position and subsequently as a reduction of rentals on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

The trust as a lessor
Finance leases

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

Operating leases

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

Note 1.14 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective for 31 March 2020:

		Nominal rate
Short-term	Up to 5 years	0.51%
Medium-term	After 5 years up to 10 years	0.55%
Long-term	Exceeding 10 years	1.99%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective 31 March 2020:

	Inflation rate
Year 1	1.90%
Year 2	2.00%
Into perpetuity	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.5% 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. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 27.2 but is not recognised in the Trust's accounts.

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

Note 1.15 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 28 where an inflow of economic benefits is probable. Contingent liabilities are not recognised, but are disclosed in note 28, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

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

Note 1.16 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

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

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for
(i) donated and grant funded assets,
(ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and
(iii) any PDC dividend balance receivable or payable.

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

Note 1.17 Value added tax

Most of the activities of the 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.

Note 1.18 Foreign exchange

The functional and presentational currency of the trust is sterling.

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

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

• monetary items are translated at the spot exchange rate on 31 March
• non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction and
• non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

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

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

Note 1.19 Third party assets

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

Note 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 that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.

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

Note 1.21 Gifts

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

Note 1.22 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2019/20.

Note 1.23 Standards, amendments and interpretations in issue but not yet effective or adopted

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. The following judgements have been made by the trust in implementing IFRS 16:

• Property leased from NHS Property Services – in the absence of a formal contract, the lease term is deemed to be a further 10 years
• Leased cars – a proportion of lease car contracts have a remaining term of less than 12 months, and would be considered short term and therefore a right of use asset would not be recognised. An assumption has been made that a new lease contract will be entered into at the end of the current contract.
• Consumable deals – contracts including a fixed minimum purchase clause have been included. Those where there is no commitment to purchase will be charged as an operating expense to I & E and no lease liability or right of use asset recognised.
• Photocopiers/multifunction devices have been excluded as payments over the life of the contract are below the £5,000 threshold.
• Off-site staff car parking spaces rented from the local council have been excluded as they are not ring-fenced for sole use by the trust

Trust plans for the implementation of IFRS 16 included a review of all contracts. This exercise has been completed for existing contracts & has involved working closely with the Procurement Team and the wider trust. There is an awareness of IFRS 16 and its consequences and implications across the trust. Contracts being renewed or entered into are now being reviewed in line with IFRS 16 as part of the procurement process.

HM Treasury revised the implementation date for IFRS 16 in the UK public sector to 1 April 2021 on 19 March 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2021 and beyond, a quantification of the expected impact of applying the standard in 2021/22 is currently impracticable. However, the trust does expect this standard to have a material impact on non-current assets,

Other standards, amendments and interpretations
•IFRS 17 Insurance Contracts – the effective date for this standard is still under discussion

Note 1.24 Critical judgements in applying accounting policies
The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

• Ongoing status as a going concern;
• That no major service discontinuation is anticipated;
• All lease liabilities have been identified through a review of contract documentation.
• Review of Trust revenue contracts in applying with IFRS15 to determine the impact of determining the timing of revenue recognised as required by paragraphs 123 to 126 of the standard , where not already disclosed within the accounting policy for revenue from contracts with customers.

Note 1.25 Sources of estimation uncertainty
The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

• Provisions - estimation provided to assess likelihood of possible financial obligations;
• Partially completed spells - estimation required regarding length of stay and case mix;
• Employee Benefits – estimate of levels of employee benefits not fully paid in year;
• Receivables - including injury cost recovery and other accounts receivable - estimation required to assess the level of where it is probable that the debt is irrecoverable in applying IFRS 9

Note 2 Operating Segments

The Trust Board considers all of its operations to be the provision of Healthcare operated as a single segment.

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.3

Note 3.1 Income from patient care activities (by nature)	2019/20 £000	2018/19 £000
Elective income	40,327	40,830
Non elective income	121,830	109,412
First outpatient income	10,688	10,189
Follow up outpatient income	33,778	30,634
A & E income	20,483	17,646
High cost drugs income from commissioners (excluding pass-through costs)	24,712	20,967
Other NHS clinical income*	57,726	52,705
All services		
Private patient income	779	718
Agenda for Change pay award central funding**	0	3,692
Additional pension contribution central funding***	9,071	0
Other clinical income	1,891	1,629
Total income from activities	**321,285**	**288,422**

* Additional funding of £2,703k relating to reimbursement of COVID-19 costs is included within Other Clinical income

**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 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	2019/20 £000	2018/19 £000
NHS England	59,796	45,673
Clinical commissioning groups	257,653	235,563
Department of Health and Social Care	0	3,692
Other NHS providers	1,004	962
NHS other	107	107
Local authorities	0	0
Non-NHS: private patients	779	718
Non-NHS: overseas patients (chargeable to patient)	645	410
Injury cost recovery scheme	1,246	1,220
Non NHS: other	55	77
Total income from activities	**321,285**	**288,422**
Of which:		
Related to continuing operations	321,285	288,422
Related to discontinued operations	0	0

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

	2019/20	2018/19
	£000	£000
Income recognised this year	645	410
Cash payments received in-year	120	122
Amounts added to provision for impairment of receivables	81	223
Amounts written off in-year	26	(9)

Note 4 Other operating income

	2019/20			2018/19		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	188	0	**188**	211	0	**211**
Education and training	10,311	304	**10,615**	9,959	66	**10,025**
Non-patient care services to other bodies	1,765		**1,765**	1,570		**1,570**
Provider sustainability fund (PSF)*	2,606		**2,606**	13,206		**13,206**
Financial recovery fund (FRF)	3,723		**3,723**			**0**
Marginal rate emergency tariff funding (MRET)	5,918		**5,918**			**0**
Income in respect of employee benefits accounted on a gross basis	3,626		**3,626**	3,590		**3,590**
Receipt of capital grants and donations		98	**98**		414	**414**
Charitable and other contributions to expenditure		477	**477**		470	**470**
Rental revenue from finance leases		0	**0**		0	**0**
Rental revenue from operating leases		44	**44**		47	**47**
Other income	8,784	0	**8,784**	8,616	0	**8,616**
Total other operating income	**36,921**	**923**	**37,844**	**37,152**	**997**	**38,149**
Of which:						
Related to continuing operations			**37,844**			**38,149**
Related to discontinued operations			**0**			**0**

* Provider sustainability fund income (PSF)

- core PSF	£2,606k	(£7,399k)
- incentive PSF (finance)	£0k	(£67k)
- Incentive PSF (bonus)	£0k	(£1,537k)
- incentive PSF/STF (general distribution)	£0k	(£4,203k)

Other contract income includes :

Pharmacy Sales	£517k (£398k)
Accommodation Charges	£499k (£532k)
Clinical Tests	£1,040k (£960k)
Car Parking Income	£1,375k (£1,398k)
Catering	£2,035k (£1,749k)
VAT Audit Claim	£65k (£0k)
Sterile Services Sales	£449k (£456k)

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

	2019/20	2018/19
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	1,868	1,710
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	0	0

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

Note 6.1 Fees and charges

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

	2019/20	2018/19
	£000	£000
Income	3,473	3,206
Full cost	(1,837)	(1,652)
Surplus / (deficit)	**1,636**	**1,554**

Note 7.1 Operating expenses

	2019/20	2018/19
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	140	216
Purchase of healthcare from non-NHS and non-DHSC bodies	1,850	2,574
Staff and executive directors costs	256,071	224,284
Remuneration of non-executive directors	97	77
Supplies and services - clinical (excluding drugs costs)	34,305	33,240
Supplies and services - general	3,951	3,681
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	30,589	28,158
Inventories written down	83	85
Consultancy costs	405	0
Establishment	2,659	2,279
Premises	12,609	13,696
Transport (including patient travel)	559	521
Depreciation on property, plant and equipment	11,109	9,682
Amortisation on intangible assets	1,046	720
Net impairments	2,949	1,093
Movement in credit loss allowance: contract receivables / contract assets	404	791
Change in provisions discount rate(s)	9	0
Audit fees payable to the external auditor		
audit services- statutory audit	51	39
other auditor remuneration (external auditor only)	11	10
Internal audit costs	116	158
Clinical negligence	11,447	11,338
Legal fees	627	466
Insurance	203	260
Research and development	18	9
Education and training	1,415	1,089
Rentals under operating leases	1,157	1,126
Redundancy	74	0
Car parking & security	382	372
Hospitality	10	11
Losses, ex gratia & special payments	12	9
Other services, eg external payroll	1,525	1,386
Other	2,948	1,509
Total	**378,831**	**338,879**
Of which:		
Related to continuing operations	378,831	338,879

Other auditors remuneration includes :

- Quality Accounts Audit Fee £2k (£10k)
- IFRIC12 & IFRS16 Workshop £9k (£0k)

Other expenditure includes :

Translation Services £141k (£147k)
Home Oxygen Service £214k (£151k)
Professional Subscriptions £365k (£318k)
Professional Fees & Services £796k (£1,374k)

N.B. 2018/19 - Other costs also includes £4k which was identified as additional proposed costs by KPMG in their 2018/19 audit plan

Note 7.2 Other auditor remuneration

	2019/20 £000	2018/19 £000
Other auditor remuneration paid to the external auditor:		
1. Audit of accounts of any associate of the trust	0	0
2. Audit-related assurance services	2	10
3. Taxation compliance services	0	0
4. All taxation advisory services not falling within item 3 above	0	0
5. Internal audit services	0	0
6. All assurance services not falling within items 1 to 5	0	0
7. Corporate finance transaction services not falling within items 1 to 6 above	0	0
8. Other non-audit services not falling within items 2 to 7 above	9	0
Total	**11**	**10**

Note 7.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £1m (2018/19: £1m).

Note 8 Impairment of assets

	2019/20 £000	2018/19 £000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	2,949	1,093
Total net impairments charged to operating surplus / deficit	**2,949**	**1,093**
Impairments charged to the revaluation reserve	(2,259)	758
Total net impairments	**690**	**1,851**

The 5 yearly site revaluation exercise was completed by the valuation company, Gerald Eve and applied at 31 March 2020. This resulted in a total decrease in site valuation of £690k. Land value has decreased from £9,834k to £7,337k a total of £2,497k, based on a Modern Equivalent Asset (MEA) providing services within a six storey block of an internal area of 96,300sqm. Buildings increased in value by £1,807k to £117,386k, therefore an overall site impairment of £690k.
The £690k decrease in value has been funded by a charge to the Revaluation Reserve of £2,259k & a charge to the Impairment Reserve of £2,949k.

Note 9 Employee benefits

	2019/20 Total £000	2018/19 Total £000
Salaries and wages	187,688	174,190
Social security costs	19,520	17,548
Apprenticeship levy	942	851
Employer's contributions to NHS pensions*	29,851	19,238
Pension cost - other	36	11
Termination benefits	74	0
Temporary staff (including agency)	18,598	12,543
Total gross staff costs	**256,709**	**224,381**
Recoveries in respect of seconded staff	0	0
Total staff costs	**256,709**	**224,381**
Of which		
Costs capitalised as part of assets	564	97

* Included in the above is £9,071k relating to the recent revaluation of public sector pensions schemes amounting to 6.3% (increase from 14.38% to 20.68%) in the employer contribution rate. In line with DHSC guidance, the Trust contributed 14.38% and the balance of 6.3% was paid on its behalf by DHSC. However the full cost of 20.68% is included on a gross basis in the accounts as entities are required to account for this as notional funding.

Note 9.1 Retirements due to ill-health

During 2019/20 there was 1 early retirement from the trust agreed on the grounds of ill-health (2 in the year ended 31 March 2019). The estimated additional pension liabilities of these ill-health retirements is £29k (£65k in 2018/19).

These estimated costs are calculated on an average basis and will be borne by the NHS Pension Scheme.

Note 10 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health 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.

The Trust offers an additional defined contribution workplace pension scheme (the National Employment Savings Scheme (NEST)). Employer contribution rate payable is 3%.

Note 11 Operating leases

Note 11.1 Northampton General Hospital NHS Trust as a lessor

This note discloses income generated in operating lease agreements where Northampton General Hospital NHS Trust is the lessor.
An optician's shop and Boot's chemist operate on the Trust's site under operating leases.

	2019/20	2018/19
	£000	£000
Operating lease revenue		
Minimum lease receipts	44	47
Contingent rent	0	0
Other	0	0
Total	**44**	**47**

	31 March 2020	31 March 2019
	£000	£000
Future minimum lease receipts due:		
- not later than one year;	44	47
- later than one year and not later than five years;	0	0
- later than five years.	0	0
Total	**44**	**47**

A nursery is situated on the hospital site, the building being originally funded by the childcare provider, with the land being leased at a peppercorn rent. At the end of the lease the building has the potential to transfer to the Trust, this is currently assumed to have a zero fair value.

Note 11.2 Northampton General Hospital NHS Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Northampton General Hospital NHS Trust is the lessee.

The Trust has a variety of operating leases, the majority of which when considered on an individual basis are of non-material value. These include medical equipment, leased cars, photocopiers, pathology systems and Springfield House.

	2019/20	2018/19
	£000	£000
Operating lease expense		
Minimum lease payments	1,157	1,126
Contingent rents	0	0
Less sublease payments received	0	0
Total	**1,157**	**1,126**

	31 March 2020	31 March 2019
	£000	£000
Future minimum lease payments due:		
- not later than one year;	1,210	1,164
- later than one year and not later than five years;	3,292	3,118
- later than five years.	3,701	4,324
Total	**8,203**	**8,606**

Future minimum sublease payments to be received

Note 12 Finance income

Finance income represents interest received on assets and investments in the period.

	2019/20	2018/19
	£000	£000
Interest on bank accounts	109	92
Total finance income	**109**	**92**

Note 13.1 Finance expenditure

Finance expenditure represents interest and other charges involved in the borrowing of money or asset financing.

	2019/20	2018/19
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	1,461	1,254
Finance leases	423	311
Interest on late payment of commercial debt	1	1
Total interest expense	**1,885**	**1,566**
Unwinding of discount on provisions	10	7
Other finance costs*	7	242
Total finance costs	**1,902**	**1,815**

* Other finance costs in 2018/19 included a pre-lease charge of £234k for the Nye Bevan Building.

Note 13.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2019/20	2018/19
	£000	£000
Amounts included within interest payable arising from claims made under this legislation	1	1

Note 14 Other gains / (losses)

	2019/20	2018/19
	£000	£000
Gains on disposal of assets	51	14
Losses on disposal of assets	0	0
Total gains / (losses) on disposal of assets	**51**	**14**

The Gains on disposal of assets includes £22k from the sale of a mammography x-ray equipment within our Breast Screening department which was disposed of in 2018/19, but the sale transaction was in 2019/20.

Note 15 Intangible assets - 2019/20

	Software licences	Internally generated information technology	Intangible assets under construction	Total
	£000	£000	£000	£000
Valuation / gross cost at 1 April 2019 - brought forward	**8,636**	**345**	**70**	**9,051**
Additions	594	0	221	**815**
Reclassifications	76	0	(76)	**0**
Disposals / derecognition	(63)	0	0	**(63)**
Valuation / gross cost at 31 March 2020	**9,243**	**345**	**215**	**9,803**
Amortisation at 1 April 2019 - brought forward	**6,713**	**345**	**0**	**7,058**
Provided during the year	1,046	0	0	**1,046**
Disposals / derecognition	(63)	0	0	**(63)**
Amortisation at 31 March 2020	**7,696**	**345**	**0**	**8,041**
Net book value at 31 March 2020	**1,547**	**0**	**215**	**1,762**
Net book value at 1 April 2019	**1,923**	**0**	**70**	**1,993**

Note 15.1 Intangible assets - 2018/19

	Software licences	Internally generated information technology	Intangible assets under construction	Total
	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018 - as previously stated	**7,717**	**399**	**0**	**8,116**
Prior period adjustments	0	0	0	**0**
Valuation / gross cost at 1 April 2018 - restated	**7,717**	**399**	**0**	**8,116**
Additions	1,105	0	70	**1,175**
Reclassifications	(39)	0	0	**(39)**
Disposals / derecognition	(147)	(54)	0	**(201)**
Valuation / gross cost at 31 March 2019	**8,636**	**345**	**70**	**9,051**
Amortisation at 1 April 2018 - as previously stated	**6,140**	**399**	**0**	**6,539**
Prior period adjustments	0	0	0	**0**
Amortisation at 1 April 2018 - restated	**6,140**	**399**	**0**	**6,539**
Transfers by absorption	0	0	0	**0**
Provided during the year	720	0	0	**720**
Disposals / derecognition	(147)	(54)	0	**(201)**
Amortisation at 31 March 2019	**6,713**	**345**	**0**	**7,058**
Net book value at 31 March 2019	**1,923**	**0**	**70**	**1,993**
Net book value at 1 April 2018	**1,577**	**0**	**0**	**1,577**

Note 16.1 Property, plant and equipment - 2019/20									
	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2019 - brought forward	**9,834**	**126,366**	**495**	**650**	**46,313**	**83**	**22,211**	**157**	**206,109**
Additions	0	5,196	0	1,208	1,794	20	2,189	0	**10,407**
Impairments charged to the revaluation reserve	(1,090)	(2,830)	0	(54)	0	0	0	0	**(3,974)**
Reversals of impairments credited to the revaluation reserve	0	6,233	0	0	0	0	0	0	**6,233**
Revaluations	(1,407)	(5,164)	(31)	0	0	0	0	0	**(6,602)**
Reclassifications	0	0	0	(575)	369	0	206	0	**0**
Disposals / derecognition	0	0	0	0	(2,773)	0	(4,372)	0	**(7,145)**
Valuation/gross cost at 31 March 2020	**7,337**	**129,801**	**464**	**1,229**	**45,703**	**103**	**20,234**	**157**	**205,028**
Accumulated depreciation at 1 April 2019 - brought forward	**0**	**1,056**	**0**	**0**	**30,536**	**53**	**14,316**	**157**	**46,118**
Provided during the year	0	4,920	31	0	3,459	6	2,693	0	**11,109**
Impairments charged to operating expenses	1,407	4,509	0	0	0	0	0	0	**5,916**
Reversals of impairments credited to operating expenses	0	(2,967)	0	0	0	0	0	0	**(2,967)**
Revaluations	(1,407)	(5,164)	(31)	0	0	0	0	0	**(6,602)**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Disposals / derecognition	0	0	0	0	(2,773)	0	(4,372)	0	**(7,145)**
Accumulated depreciation at 31 March 2020	**0**	**2,354**	**0**	**0**	**31,222**	**59**	**12,637**	**157**	**46,429**
Net book value at 31 March 2020	**7,337**	**127,447**	**464**	**1,229**	**14,481**	**44**	**7,597**	**0**	**158,599**
Net book value at 1 April 2019	**9,834**	**125,310**	**495**	**650**	**15,777**	**30**	**7,895**	**0**	**159,991**

Note 16.2 Property, plant and equipment - 2018/19									
	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018 - as previously stated	**9,834**	**115,208**	**516**	**3,556**	**45,314**	**71**	**22,014**	**175**	**196,688**
Prior period adjustments	0	0	0	0	0	0	0	0	**0**
Valuation / gross cost at 1 April 2018 - restated	**9,834**	**115,208**	**516**	**3,556**	**45,314**	**71**	**22,014**	**175**	**196,688**
Additions	0	14,913	0	1,562	840	9	1,784	0	**19,108**
Impairments charged to the revaluation reserve	0	(1,130)	0	0	0	0	0	0	**(1,130)**
Reversals of impairments credited to the revaluation reserve	0	372	0	0	0	0	0	0	**372**
Revaluations	0	(3,524)	(21)	0	1,305	3	0	0	**(2,237)**
Reclassifications	0	527	0	(4,468)	1,135	0	2,845	0	**39**
Disposals / derecognition	0	0	0	0	(2,281)	0	(4,432)	(18)	**(6,731)**
Valuation/gross cost at 31 March 2019	**9,834**	**126,366**	**495**	**650**	**46,313**	**83**	**22,211**	**157**	**206,109**
Accumulated depreciation at 1 April 2018 - as previously stated	**0**	**325**	**0**	**0**	**28,379**	**46**	**15,897**	**174**	**44,821**
Prior period adjustments	0	0	0	0	0	0	0	0	**0**
Accumulated depreciation at 1 April 2018 - restated	**0**	**325**	**0**	**0**	**28,379**	**46**	**15,897**	**174**	**44,821**
Provided during the year	0	3,162	21	0	3,642	5	2,851	1	**9,682**
Impairments charged to operating expenses	0	1,543	0	0	0	0	0	0	**1,543**
Reversals of impairments credited to operating expenses	0	(450)	0	0	0	0	0	0	**(450)**
Revaluations	0	(3,524)	(21)	0	796	2	0	0	**(2,747)**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Disposals / derecognition	0	0	0	0	(2,281)	0	(4,432)	(18)	**(6,731)**
Accumulated depreciation at 31 March 2019	**0**	**1,056**	**0**	**0**	**30,536**	**53**	**14,316**	**157**	**46,118**
Net book value at 31 March 2019	**9,834**	**125,310**	**495**	**650**	**15,777**	**30**	**7,895**	**0**	**159,991**
Net book value at 1 April 2018	**9,834**	**114,883**	**516**	**3,556**	**16,935**	**25**	**6,117**	**1**	**151,867**

Note 16.3 Property, plant and equipment financing - 2019/20									
	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020									
Owned - purchased	7,337	109,676	464	1,229	14,200	25	7,591	0	**140,522**
Finance leased	0	10,521	0	0	0	0	0	0	**10,521**
Owned - donated	0	7,250	0	0	281	19	6	0	**7,556**
NBV total at 31 March 2020	**7,337**	**127,447**	**464**	**1,229**	**14,481**	**44**	**7,597**	**0**	**158,599**

Note 16.4 Property, plant and equipment financing - 2018/19									
	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019									
Owned - purchased	9,834	106,239	495	650	15,403	30	7,895	0	**140,546**
Finance leased	0	11,804	0	0	0	0	0	0	**11,804**
Owned - donated	0	7,267	0	0	374	0	0	0	**7,641**
NBV total at 31 March 2019	**9,834**	**125,310**	**495**	**650**	**15,777**	**30**	**7,895**	**0**	**159,991**

Note 17 Donations of property, plant and equipment

The table below details donations of property, plant and equipment received during the year from Northamptonshire Health Charitable Funds

Description	Department	Total
		£000s
Equipment		
Autopulse	Cardiology	9
Bladder Scanners x 2	Medical Equipment Library	14
Prime x Trolley	Medical Equipment Library	8
Aqua UNO Reverse Osmosis	Renal Unit	10
Enthermics Blanket Warmer	Day Surgery Unit	7
Total Equipment Capitalised		**48**
Vehicles		
Passenger Carrier	Facilities	6
Outside 6 seater Passenger Carrier	Facilities	14
Total Vehicles Capitalised		**20**
IT		
iSimulate with iPads	Clinical Simulation	7
Total IT Capitalised		**7**
Intangibles		
3D Bolus Software	Brachytherapy	13
PDF Import Interface	Cardiology	9
Total Intangibles Capitalised		**22**
Buildings		
Emergency Assessment Unit	Talbot Butler	1
Total Buildings		**1**
Total Donated Assets		**98**

Note 18 Revaluations of property, plant and equipment

The 5 yearly site revaluation exercise was completed by the valuation company, Gerald Eve and applied at 31 March 2020. This resulted in a total decrease in site valuation of £690k. Land value has decreased from £9,834k to £7,337k a total of £2,497k, based on a Modern Equivalent Asset (MEA) providing services within a six storey block of an internal area of 96,300sqm. Buildings increased in value by £1,807k to £117,386k, therefore an overall site impairment of £690k.
The £690k decrease in value has been funded by a charge to the Revaluation Reserve of £2,259k & a charge to the Impairment Reserve of £2,949k.

There is also a historic cost charge of £195k taken to the Revaluation Reserve for equipment, this is the adjustment made to write down the indexation that has been applied to equipment in previous years.

Asset Type	Total Adjustment £000s	Revaluation Adjustment £000s	Impairment Adjustment £000s
Land	(2,497)	(1,090)	(1,407)
Building	1,807	3,349	(1,542)
Total Revaluation	**(690)**	**2,259**	**(2,949)**
Equipment Historic Cost adjustment	(195)	(195)	0
Total Adjustment	**(885)**	**2,064**	**(2,949)**

The gross carrying amount of fully depreciated assets still in use for plant & equipment is £26,671k (£27,944k 2018/19) and for intangible assets is £6,818k (£6,174k 2018/19).

The valuation exercise was carried out in December 2019 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 (‘Red Book’), 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, reflecting the valuer's judgement on how industrial land pricing may have been affected by the economic disruption as a result of Covid-19. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements.

"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. In the UK, market activity is being impacted in all 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 on the basis of ‘material valuation uncertainty’ per 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 of the estate under frequent review".

With the valuer having declared this material valuation uncertainty, they have continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

Note 19 Inventories

	31 March 2020	31 March 2019
	£000	£000
Drugs	2,142	1,918
Consumables	3,313	3,401
Energy	19	19
Total inventories	**5,474**	**5,338**
of which:		
Held at fair value less costs to sell	0	0

Inventories recognised in expenses for the year were £56,722k (2018/19: £53,905k). Write-down of inventories recognised as expenses for the year were £83k (2018/19: £85k).

Note 20.1 Receivables

	31 March 2020	31 March 2019
	£000	£000
Current		
Contract receivables	15,113	19,986
Allowance for impaired contract receivables / assets	(1,091)	(1,070)
Prepayments (non-PFI)	4,808	3,641
Finance lease receivables	9	9
PDC dividend receivable	50	62
VAT receivable	695	1,261
Other receivables*	33	0
Total current receivables	**19,617**	**23,889**
Non-current		
Contract receivables	0	0
Allowance for impaired contract receivables / assets	0	0
Prepayments (non-PFI)	0	0
Finance lease receivables	177	183
VAT receivable	0	0
Other receivables*	636	0
Total non-current receivables	**813**	**183**
Of which receivable from NHS and DHSC group bodies:		
Current	9,040	14,622
Non-current	636	0

*Other receivables - Clinician pension tax provision reimbursement funding from NHS England

Note 20.2 Allowances for credit losses

	2019/20		2018/19	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 April - brought forward	**1,070**	**0**	**0**	**842**
Prior period adjustments	0	0	0	0
Allowances as at 1 April - restated	**1,070**	**0**	**0**	**842**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	0	0	842	(842)
New allowances arising	424	0	1,020	0
Reversals of allowances	(20)	0	(229)	0
Utilisation of allowances (write offs)	(383)	0	(563)	0
Allowances as at 31 Mar 2020	**1,091**	**0**	**1,070**	**0**

Note 21.1 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	2019/20	2018/19
	£000	£000
At 1 April	**1,553**	**1,547**
Prior period adjustments	0	0
At 1 April (restated)	**1,553**	**1,547**
Transfers by absorption	0	0
Net change in year	23	6
At 31 March	**1,576**	**1,553**
Broken down into:		
Cash at commercial banks and in hand	43	42
Cash with the Government Banking Service	1,533	1,511
Total cash and cash equivalents as in SoFP	**1,576**	**1,553**
Bank overdrafts (GBS and commercial banks)	0	0
Drawdown in committed facility	0	0
Total cash and cash equivalents as in SoCF	**1,576**	**1,553**

Note 21.2 Third party assets held by the trust

Northampton General Hospital NHS Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties and in which the trust has no beneficial interest. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2020	31 March 2019
	£000	£000
Bank balances	0	0
Monies on deposit	0	0
Total third party assets	**0**	**0**

Note 22.1 Trade and other payables

	31 March 2020	31 March 2019
	£000	£000
Current		
Trade payables	2,435	4,311
Capital payables	1,919	1,938
Accruals	8,463	6,497
Social security costs	5,397	4,988
Other payables	3,652	4,134
Total current trade and other payables	**21,866**	**21,868**
Non-current		
Trade payables	0	0
Capital payables	0	0
Accruals	0	0
Receipts in advance and payments on account	0	0
Other payables	0	0
Total non-current trade and other payables	**0**	**0**
Of which payables from NHS and DHSC group bodies:		
Current	1,062	2,380
Non-current	0	0

Note 22.2 Early retirements in NHS payables above

There was no early retirements included in the payables note above (2018/19 - Nil)

Note 23 Other liabilities

	31 March 2020	31 March 2019
	£000	£000
Current		
Deferred income: contract liabilities	3,066	2,657
Total other current liabilities	**3,066**	**2,657**
Non-current		
Other deferred income	0	0
Total other non-current liabilities	**0**	**0**

Note 24.1 Borrowings

	31 March 2020	31 March 2019
	£000	£000
Current		
Loans from DHSC	108,253	40,917
Other loans - Salix	134	99
Obligations under finance leases	1,157	1,109
Total current borrowings	**109,544**	**42,125**
Non-current		
Loans from DHSC	0	53,177
Other loans - Salix	730	516
Obligations under finance leases	9,528	10,685
Total non-current borrowings	**10,258**	**64,378**

Loans from DHSC

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Outstanding interim loan principal and interest accrual have been classified as current as they will be repayable within 12 months.

Other Loans - Salix

The Trust has taken advantage of participating in the Energy Efficiency Loan Scheme operated by Salix Finance Ltd.

The Trust has agreed 16 schemes since 2012/13, of which 11 have been fully repaid.

Each of the loans are subject to zero interest and are repayable over 4 or 5 years in equal instalments. Repayment commences 6 months after completion of the scheme. N.B. The term was extended in 2018 and 4 loans are repayable over the revised 5 year term.

Note 24.2 An analysis of the DHSC loans held by the Trust

Loan Type	Agreement Date	Loan Facility Amount £000's	Interest Rate	Repayment Date (prior to conversion to PDC)	Analysis of Loan Balance - 2019/20											
					Capital Loans b/fwd £000's	Capital Repaid £000's	Interest Accrued £000's	Capital Balance £000's	Revenue Loans b/fwd £000's	Deficit Funding £000's	Deficit Funding Repay £000's	STF/PSF/FRF Funding £000's	STF/PSF/FRF Repay £000's	Interest Accrued £000's	Revenue Balance £000's	Total £000's
Capital	Mar-15	7,207	1.60%	Mar-25	4,565	-760	8	3,813							0	**3,813**
Capital	Mar-16	9,352	1.16%	Feb-26	7,455	-1,074	2	6,383							**0**	**6,383**
Revenue	Feb-16	18,851	1.50%	Feb-20- extended to Aug-20					18,851					32	**18,883**	**18,883**
Revenue	Feb-17	14,515	1.50%	Jan-20- extended to July-20					14,515					42	**14,557**	**14,557**
Revenue	16/17 Total	5,464	1.50%	19/20					5,464					6	**5,470**	**5,470**
Revenue	17/18 Total	20,296	1.50%	20/21					20,296					54	**20,350**	**20,350**
Revenue	18/19 Total	22,696	1.50%	21/22					22,696					99	**22,795**	**22,795**
Revenue	Apr-19	609	1.50%	Apr-22						1,695		844	-1,930	5	**614**	**614**
Revenue	Jun-19	2,488	1.50%	Jun-22						1,644		844	-2,252	1	**237**	**237**
Revenue	Jul-19	2,101	1.50%	Jul-22						976		1,125		6	**2,107**	**2,107**
Revenue	Sep-19	2,289	1.50%	Sep-22						1,164		1,125		1	**2,290**	**2,290**
Revenue	Oct-19	2,055	1.50%	Oct-22							-1,602	3,657	-1,675	7	**387**	**387**
Revenue	Nov-19	1,478	1.50%	Nov-22							-210	1,688		9	**1,487**	**1,487**
Revenue	Dec-19	0	1.50%	N/A						360		1,688	-2,048	0	**0**	**0**
Revenue	Jan-20	496	1.50%	Jan-23							-1,473	1,969		2	**498**	**498**
Revenue	Feb-20	2,490	1.50%	Feb-23						11,707			-9,217	4	**2,494**	**2,494**
Revenue	Mar-20	5,883	1.50%	Mar-23						5,883				5	**5,888**	**5,888**
Total		**118,270**			**12,020**	**-1,834**	**10**	**10,196**	**81,822**	**23,429**	**-3,285**	**12,940**	**-17,122**	**273**	**98,057**	**108,253**

Total - Loan Balance at 31 March 2020	**10,196**	**98,057**	**108,253**

Note 24.3 Reconciliation of liabilities arising from financing activities - 2019/20

	Loans from DHSC	Other loans	Finance leases	Total
	£000	£000	£000	£000
Carrying value at 1 April 2019	**94,094**	**615**	**11,686**	**106,395**
Cash movements:				
Financing cash flows - payments and receipts of principal	14,127	249	(1,117)	**13,259**
Financing cash flows - payments of interest	(1,429)	0	(415)	**(1,844)**
Non-cash movements:				
Additions	0	0	0	**0**
Application of effective interest rate	1,461	0	423	**1,884**
Other changes	0	0	0	**0**
Carrying value at 31 March 2020	**108,253**	**864**	**10,577**	**119,694**

Note 24.4 Reconciliation of liabilities arising from financing activities - 2018/19

	Loans from DHSC	Other loans	Finance leases	Total
	£000	£000	£000	£000
Carrying value at 1 April 2018	**72,981**	**162**	**1,121**	**74,264**
Prior period adjustment	**0**	**0**	**0**	**0**
Carrying value at 1 April 2018 - restated	**72,981**	**162**	**1,121**	**74,264**
Cash movements:				
Financing cash flows - payments and receipts of principal	20,861	453	(860)	**20,454**
Financing cash flows - payments of interest	(1,152)	0	(353)	**(1,505)**
Non-cash movements:				
Impact of implementing IFRS 9 on 1 April 2018	150	0	0	**150**
Additions	0	0	11,424	**11,424**
Application of effective interest rate	1,254	0	354	**1,608**
Other changes	0	0	0	**0**
Carrying value at 31 March 2019	**94,094**	**615**	**11,686**	**106,395**

Note 25 Finance leases

Note 25.1 Northampton General Hospital NHS Trust as a lessor

Future lease receipts due under finance lease agreements where the trust is the lessor:

Northamptonshire Healthcare NHS Foundation Trust occupies Battle House under a Finance Lease arrangement.

	31 March 2020	31 March 2019
	£000	£000
Gross lease receivables	**186**	**192**
of which those receivable:		
- not later than one year;	9	9
- later than one year and not later than five years;	36	36
- later than five years.	141	147
Unearned interest income	0	0
Allowance for uncollectable lease payments	0	0
Net lease receivables	**186**	**192**
of which those receivable:		
- not later than one year;	186	192
- later than one year and not later than five years;	0	0
- later than five years.	9	9
The unguaranteed residual value accruing to the lessor	0	0
Contingent rents recognised as income in the period	0	0

Note 25.2 Northampton General Hospital NHS Trust as a lessee

Obligations under finance leases where the trust is the lessee.

The Trust car park decking and Nye Bevan block were both completed under a Finance Lease arrangement. Each is lease has a 10 year term.

The Car Park lease is due to end in 2025/26, Nye Bevan in 2028/29.

	31 March 2020	31 March 2019
	£000	£000
Gross lease liabilities	**10,685**	**11,794**
of which liabilities are due:		
- not later than one year;	1,157	1,109
- later than one year and not later than five years;	5,113	4,919
- later than five years.	4,415	5,766
Finance charges allocated to future periods	0	0
Net lease liabilities	**10,685**	**11,794**
of which payable:		
- not later than one year;	1,157	1,109
- later than one year and not later than five years;	5,113	4,919
- later than five years.	4,415	5,766
Total of future minimum sublease payments to be received at the reporting date	0	0
Contingent rent recognised as expense in the period	0	0

Note 26.1 Provisions for liabilities and charges analysis

	Pensions: injury benefits	Redundancy	Clinician pension tax reimbursement	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2019	174	0	0	746	**920**
Change in the discount rate	9	0	0	0	**9**
Arising during the year	0	74	669	1,680	**2,423**
Utilised during the year	(15)	(14)	0	(747)	**(776)**
Reversed unused	0	0	0	(517)	**(517)**
Unwinding of discount	10	0	0	0	**10**
At 31 March 2020	**178**	**60**	**669**	**1,162**	**2,069**
Expected timing of cash flows:					
- not later than one year;	15	60	33	1,024	**1,132**
- later than one year and not later than five years;	58	0	132	138	**328**
- later than five years.	105	0	504	0	**609**
Total	**178**	**60**	**669**	**1,162**	**2,069**

Pensions: injury benefits provisions are based on expected lives and current levels of payment.

Clinician pension tax reimbursement
Clinicians who are members of the NHS Pension Scheme and face an annual allowance tax charge for work undertaken in 2019/20 can elect to have this charge paid by the NHS Pension Scheme. The employing trust will make a contractually binding commitment to pay a corresponding compensated amount on retirement, therefore the provider has a future obligation upon the individual's retirement.

The provision arising is broadly equal to the tax charge owed by clinicians who want to take advantage of the 2019/20 Commitment. The provision has been calculated based on the assessed number of Consultants that were making pension contributions in March 2020, using the pre-calculated national 'average discounted value per nomination' provided by NHSE/I. The deadline for initial nomination is 31 July 2021, with the ability to make changes up to 31 July 2024.

This payment will be nationally funded therefore the provision recognised is matched with a receivable from NHS England (Note 21.1).

Other Provisions

Other Provisions relate to employment claims, accrued NHS expenditure not agreed as part of the Agreement of Balances exercise & further costs associated with future redundancy settlement.

Note 26.2 Clinical negligence liabilities

At 31 March 2020, £153,035k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Northampton General Hospital NHS Trust (31 March 2019: £142,009k).

Note 27 Contingent assets and liabilities

	31 March 2020	31 March 2019
	£000	£000
Value of contingent liabilities		
NHS Resolution legal claims	0	0
Employment tribunal and other employee related litigation	0	0
Redundancy	0	0
Other	0	0
Gross value of contingent liabilities	**0**	**0**
Amounts recoverable against liabilities	0	0
Net value of contingent liabilities	**0**	**0**
Net value of contingent assets	**0**	**0**

Note 28 Contractual capital commitments

	31 March 2020	31 March 2019
	£000	£000
Property, plant and equipment	3,228	310
Intangible assets	828	144
Total	**4,056**	**454**

The Trust has various capital commitments at the year end, including £699k for the installation of the Pathology iLab system, £930k to Western Power for the installation of high voltage electricity cable.

Note 29 Financial instruments

Note 29.1 Financial risk management

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

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Interest rate risk

The Trust borrows from government for capital expenditure, subject to affordability as confirmed by NHS Improvement. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

The Trust may also borrow from government for revenue financing subject to approval by NHS Improvement. Interest rates are confirmed by the Department of Health & Social Care (the lender) at the point borrowing is undertaken.

The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Trust 's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2020 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

The Trust 's operating costs are incurred under contracts with primary care, Clinical Commissioning Groups, which are financed from resources voted annually by Parliament . The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

Note 29.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2020	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	14,055	0	0	**14,055**
Other investments / financial assets	0	0	0	**0**
Cash and cash equivalents	1,576	0	0	**1,576**
Total at 31 March 2020	**15,631**	**0**	**0**	**15,631**

Carrying values of financial assets as at 31 March 2019	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non-financial assets	18,916	0	0	**18,916**
Other investments / financial assets	0	0	0	**0**
Cash and cash equivalents	1,553	0	0	**1,553**
Total at 31 March 2019	**20,469**	**0**	**0**	**20,469**

Note 29.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	108,253	0	**108,253**
Obligations under finance leases	10,685	0	**10,685**
Obligations under PFI, LIFT and other service concession contracts	0	0	**0**
Other borrowings	864	0	**864**
Trade and other payables excluding non financial liabilities	13,401	0	**13,401**
Other financial liabilities	0	0	**0**
Provisions under contract	0	0	**0**
Total at 31 March 2020	**133,203**	**0**	**133,203**

Carrying values of financial liabilities as at 31 March 2019	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	94,094	0	**94,094**
Obligations under finance leases	11,794	0	**11,794**
Obligations under PFI, LIFT and other service concession contracts	0	0	**0**
Other borrowings	615	0	**615**
Trade and other payables excluding non financial liabilities	15,371	0	**15,371**
Other financial liabilities	0	0	**0**
Provisions under contract	0	0	**0**
Total at 31 March 2019	**121,874**	**0**	**121,874**

Note 29.4 Maturity of financial liabilities

	31 March 2020 £000	31 March 2019 £000
In one year or less	121,788	57,496
In more than one year but not more than two years	1,315	23,417
In more than two years but not more than five years	4,236	32,299
In more than five years	5,864	8,662
Total	**133,203**	**121,874**

Note 29.5 Fair values of financial assets and liabilities

The Trust holds no financial assets and liabilities on a fair value basis.

Note 30 Losses and special payments

	2019/20		2018/19	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Cash losses*	116	32	1	0
Bad debts and claims abandoned**	80	27	153	(2)
Total losses	**196**	**59**	**154**	**(2)**
Special payments				
Ex-gratia payments	35	137	44	238
Total special payments	**35**	**137**	**44**	**238**
Total losses and special payments	**231**	**196**	**198**	**236**
Compensation payments received		0		0

Note 31 Related parties

During the year none of the Department of Health Ministers, Trust board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with Northampton General Hospital NHS Trust.

The Department of Health & Social Care is regarded as a related party. During the year Northampton General Hospital NHS 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 include :
Health Education England, NHS England, Nene, Corby & Milton Keynes Clinical Commissioning Groups, East Midlands Specialised Commissioning Hub, Central Midlands Local Office, Northamptonshire Healthcare NHS Foundation Trust, Kettering General Hospital Foundation Trust, University Hospitals of Leicester NHS Trust, Oxford University Hospitals Foundation Trust, NHS Resolution and NHS Blood and Transplant.

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with Northampton Borough Council (Business Rates), Northamptonshire County Council (Pathology Services) and HM Revenue & Customs (Employers National Insurance contribution), National Health Service Pension Fund Scheme and NHS Business Services Authority.

The Trust has also received revenue and capital payments from Northamptonshire Health Charitable fund.

Grants which were received from the Charity have been treated in the Trust's Accounts as income and have primarily contributed towards staff and patients welfare. The Charity also funded Building Works & Medical Equipment.

The Charity owns Springfield House, part of which is being leased to the Trust. The facility is being utilised to provide a GP streaming service. The Trust pays an annual lease charge and also facilities costs.

Note 32 Events after the reporting date

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers. Outstanding interim loans totalling £108.253 million, including accrued interest as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.

Note 33 Better Payment Practice code

Non-NHS Payables	2019/20 Number	2019/20 £000	2018/19 Number	2018/19 £000
Total non-NHS trade invoices paid in the year	78,872	120,078	76,539	113,425
Total non-NHS trade invoices paid within target	78,255	117,635	76,125	112,720
Percentage of non-NHS trade invoices paid within target	99.2%	98.0%	99.5%	99.4%
NHS Payables				
Total NHS trade invoices paid in the year	2,068	20,723	1,942	21,374
Total NHS trade invoices paid within target	2,053	20,593	1,939	21,360
Percentage of NHS trade invoices paid within target	99.3%	99.4%	99.8%	99.9%

The Better Payment Practice code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of valid invoice, whichever is later.

Note 34 External financing limit

The trust is given an external financing limit against which it is permitted to underspend

	2019/20 £000	2018/19 £000
Cash flow financing	13,286	9,311
Finance leases taken out in year		11,424
Other capital receipts		0
External financing requirement	**13,286**	**20,735**
External financing limit (EFL)	14,707	20,737
Under / (over) spend against EFL	**1,421**	**2**

The underspend arises as Emergency Capital & COVID-19 Capital Expenditure have not been cash funded by DHSC in 2019/20. Public Dividend Capital is expected to be received during 2020/21.

Note 35 Capital Resource Limit

	2019/20 £000	2018/19 £000
Gross capital expenditure	11,222	20,283
Less: Disposals	0	0
Less: Donated and granted capital additions	(98)	(414)
Plus: Loss on disposal from capital grants in kind	0	0
Charge against Capital Resource Limit	**11,124**	**19,869**
Capital Resource Limit	11,124	19,871
Under / (over) spend against CRL	**0**	**2**

Note 36 Breakeven duty financial performance

Breakeven duty financial performance is determined as guided by NHS Improvement, in a manner to be consistent with previous years in this note.

	2019/20 £000
Adjusted financial performance deficit (control total basis)	(19,476)
Remove impairments scoring to Departmental Expenditure Limit	0
Add back income for impact of 2018/19 post-accounts PSF reallocation	421
Add back non-cash element of On-SoFP pension scheme charges	0
IFRIC 12 breakeven adjustment	0
Breakeven duty financial performance deficit	**(19,055)**

Note 37 Breakeven duty rolling assessment

The application of breakeven duty means that if a cumulative surplus or deficit is reported (greater than a materiality threshold of 0.5% of operating income), it should be recovered within the subsequent four financial years.

	1997/98 to 2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000
Breakeven duty in-year financial performance		2,081	1,109	504	399	197
Breakeven duty cumulative position	2,892	4,973	6,082	6,586	6,985	7,182
Operating income		227,805	236,260	255,481	271,295	276,894
Cumulative breakeven position as a percentage of operating income		2.2%	2.6%	2.6%	2.6%	2.6%

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Breakeven duty in-year financial performance	(16,525)	(20,151)	(13,847)	(23,339)	(14,432)	(19,055)
Breakeven duty cumulative position	(9,343)	(29,494)	(43,341)	(66,680)	(81,112)	(100,167)
Operating income	270,358	273,562	298,240	304,760	326,571	359,129
Cumulative breakeven position as a percentage of operating income	(3.5%)	(10.8%)	(14.5%)	(21.9%)	(24.8%)	(27.9%)