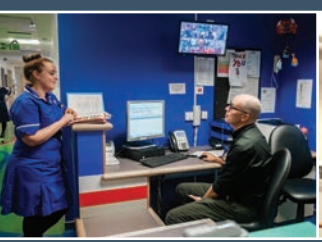
NHS

Wrightington, Wigan and Leigh

NHS Foundation Trust

Annual Report and **Accounts 2019/20**





Wrightington, Wigan and Leigh NHS Foundation Trust

From 1 April 2020 now known as Wrightington, Wigan and Leigh Teaching Hospitals NHS Foundation Trust

Annual report and accounts 2019/20

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

WELCOME TO OUR **2019/20 REPORT**

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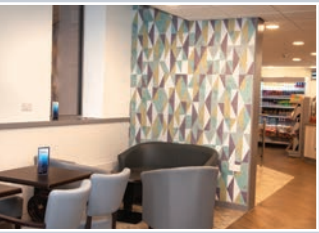





More information available

OPENING REMARKS FROM
THE CHAIR AND CHIEF EXECUTIVE

This annual report rightly focuses on the 2019/20 financial year and is a look back on our organisational performance. We are proud of what we have achieved during the year and the care that we have provided to our patients. Most of all, we are proud of our staff who go the extra mile on a daily basis to deliver the highest standards of care and service to all. Whilst too numerous to mention individually, we want to take this opportunity to acknowledge all of your efforts. As well as setting out our performance in 2019/20, we recognise that this annual report also serves as an historic account of the organisation for future reference. For that reason, we believe that it is important to outline the current situation.

As we write, the NHS is taking on the biggest challenge of its 72-year history. The global COVID-19 pandemic has resulted in unprecedented action being taken across the nation as a whole, with government advice being for people to stay at home to both prevent the spread of the virus and to help the NHS to deal with the inevitable increase in demand.

At WWL we have redeployed our staff to areas where they are needed most. Those who usually work in back office functions such as administration, human resources and clinical audit are now working to support the frontline. Some are doing this directly, with clinically qualified managers providing care and treatment to patients and other staff working as porters and cleaners across our hospitals. Others are providing indirect support in areas such as the procurement of supplies, checking that the personal protective equipment we are providing fits correctly or coordinating the overall redeployment of staff and volunteers. There are simply too many redeployment areas to mention all of them but each one of them is essential.

To each and every person who has joined us in the fight against COVID-19 we simply say thank you. Thank you for taking on the challenge. Thank you for going that extra mile. Thank you for being part of Team WWL.

Much of this annual report had already been prepared before the COVID-19 situation escalated but we ask for your understanding when comparing the content with prior years. We believe in openness and transparency and the need for public accountability and we are confident that this annual report facilitates that. We have however scaled back the performance report to reduce the burden at this challenging time and we hope you will understand and support this approach.

We opened by saying how proud we are of our staff. Along with the collective Board of Directors, we have been particularly struck by how our teams have pulled together in the face of adversity.

There is one message that has been shared on social media which sums up that team spirit perfectly. A Sister on our Intensive Care Unit at Royal Albert Edward Infirmary wrote the following open message to all staff being redeployed to support the teams in the Intensive Care Unit:

"Just remember, we couldn't do it without all of you, from care workers to trained nurses. Whether you empty a bin, draw up drugs, write down a few obs or clean a patient's mouth we will be thankful, every little bit will help. We don't expect you to be ICU nurses.

You are our support."

Never have we been prouder to serve you as leaders of this great organisation.

Robert Armstrong
Chair
5 June 2020

Silas Nicholls
Chief Executive and Accounting Officer
5 June 2020

In Loving Memory

At the date of signing this report, 181* NHS staff had lost their lives as a result of COVID-19.

This includes the following members of the WWL family:

- **LINDA CLARKE,** Midwife
- **STUART NEIL,** Sterile Services Technician
- **KAREN WILKES,** Healthcare Assistant

We pay tribute to all who have paid the ultimate price and we send our sincere condolences to their friends and family during this difficult time.

* This is the most recent official figure, provided during Questions to the Prime Minister in the House of Commons on 20 May 2020

PERFORMANCE **REPORT**

Performance overview

The purpose of this overview of performance is to provide information on our organisation, its history and purpose. The Chair and Chief Executive also present their perspective on our performance during the financial year 2019/20 and describe the key issues, opportunities and risks as determined by the board.

Who we are

Wrightington, Wigan and Leigh NHS Foundation Trust (WWL) is a medium-sized acute and community foundation trust in the North West of England, within the Greater Manchester footprint. On 1 April 2020 we changed our name to Wrightington, Wigan and Leigh Teaching Hospitals NHS Foundation Trust to reflect our commitment to education and training, as the first step towards our overarching aim of achieving university teaching hospital status in the future. We are registered with the Care Quality Commission without conditions and they rated us as "Good" at our last inspection. NHS Improvement has also judged our use of resources to be "Good".

As we reported last year, we had initially intended to launch the next iteration of our strategy towards the start of 2019/20, however we took the decision to pause the refinement of our strategy for two key reasons.

Firstly, Andrew Foster announced his intention to retire and we felt it only right to wait and allow the new Chief Executive to contribute to the development of the organisation's plans. Secondly, given that we were joined by almost 1,000 new members of staff in April 2019 following the transfer of the Wigan community services contract into the foundation trust, we wanted to be able to canvas the views of our newest workforce to allow them to influence our approach. We therefore extended our existing strategy for a year to cover 2019/20. That said, we have been committed to delivering high quality services for over a decade and this will continue to be at the heart of our next strategy.

We define quality using three descriptors:

- **safe,** meaning it is our job to protect our patients against harm;
- **effective,** meaning it is our job to treat patients effectively with good clinical outcomes; and
- **caring,** meaning it is our job to care compassionately for patients and to meet their personal needs

We serve a local population of 326,000 and we provide specialist services to a much wider regional, national and international catchment area. This year we have extended our international reach even further by entering into an agreement with the Falkland Islands to provide orthopaedic surgery for those residents who are willing and able to travel to the UK for treatment. Our surgeons have also travelled to the Falklands to provide orthopaedic clinics and to undertake basic surgical procedures.

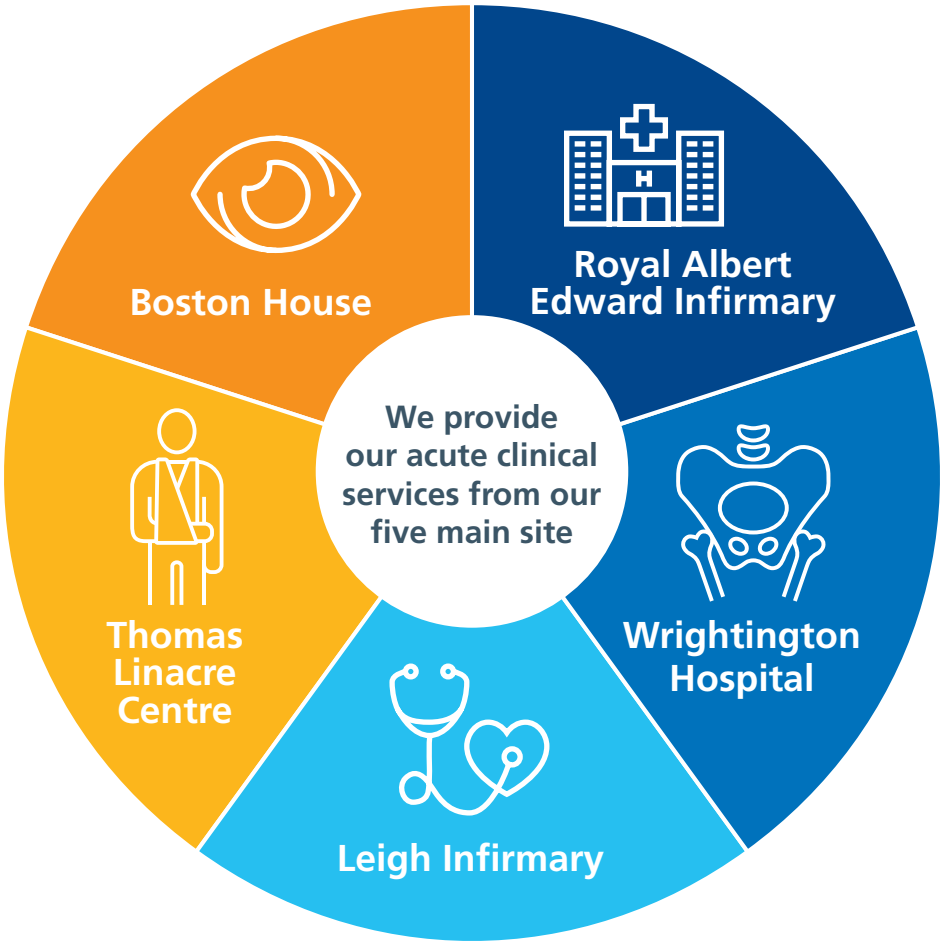
We provide our acute clinical services from our five main sites: Royal Albert Edward Infirmary, Wrightington Hospital, Leigh Infirmary, Thomas Linacre Centre and Boston House. Our community services are provided from a range of locations across the borough.

Royal Albert Edward Infirmary is our main district general hospital site and is located in central Wigan. Here you will find our Accident and Emergency department as well as the majority of our in-patient services. There has been a hospital on this site since 1873 and it was named after the then-Prince of Wales who officially opened it in 1875.

Wrightington Hospital is a specialist centre of orthopaedic excellence and enjoys a world-acclaimed reputation. Situated just over the border in West Lancashire, it was from here that Professor Sir John Charnley developed the hip replacement in November 1962 and our surgeons of today have continued to enjoy a reputation for excellence.

Leigh Infirmary is an outpatient, diagnostic and treatment centre in the south of the borough. **Thomas Linacre Centre** is a dedicated outpatient centre in central Wigan and **Boston House** is a specialist ophthalmology unit, again in central Wigan.

We serve a local population of **326,000** and we provide specialist services to a much wider regional, national and international catchment area.







PERFORMANCE OVERVIEW FROM **THE CHAIR AND CHIEF EXECUTIVE**

Silas Nicholls
Chief Executive and Accounting Officer

Robert Armstrong
Chair

"At the very start of this annual report we paid tribute to our staff and we do so again here. It is because of our staff that we have delivered strong performance and it is because of our staff that we continue to provide high levels of care."

As always there is much to be proud of at WWL this year.

As at March 2020 we had the highest performing Accident and Emergency department in Greater Manchester in terms of performance against the national four-hour wait standard. We had the lowest number of delayed transfers of care – where a patient is ready to be discharged but onward care facilities are not available – as well as the lowest number of super stranded patients; a term used in the NHS to describe those patients who have spent more than 21 days in hospital after being assessed as medically fit for discharge.

Our performance against the national cancer standards was in the top quartile, as was our performance against the 18-week referral-to-treatment standard for elective care patients. We were ranked third out of all trusts nationally for our summary hospital-level mortality indicator, which is the ratio between the actual number of patients who die in our hospitals against the number that would be expected to die based on average figures for England, taking into account the various characteristics of the patients. We also performed well in the annual patient-led assessment of the care environment (PLACE) assessments, being ranked seventh nationally.

Turning to our finances, we have once again achieved financial balance and exceeded the control total set for us by NHS Improvement. This was achieved partly through robust financial management and strong monitoring of financial performance internally, but key to this was our collaboration with partners in Wigan to co-create investment opportunities for the benefit of all of our patients and the wider population. By achieving our own financial control total we also played our part as a member of the Greater Manchester integrated care system in ensuring that the system control total was also delivered, resulting in the release of additional funding for use across the region.

At WWL we recognise that each performance metric acts as a proxy measure for real people who have entrusted their care to us. The board seeks to fully understand the impact that we have on our patients and our Quality and Safety Committee does a sterling job of seeking assurance and escalating any areas of concern, as well as sharing examples of care to be proud of.

Throughout the year we have continued to receive a patient story at each of our board meetings and in January 2020 we took a further step forward by moving away from video stories and inviting a patient, with support if desired, to come along and talk to the board face-to-face about their experience of the care we have provided.

We take feedback from our patients seriously and we undertake monthly real-time patient surveys to allow us to understand and respond to patients' views. We are grateful to our team of volunteers who support us to undertake these surveys and analyse the results. We value feedback provided in other

ways too and under the leadership of the Chief Nurse we have worked hard to improve the quality of the responses we provide to complaints. We believe in the importance of comprehensive, open and transparent responses to complaints and recognise the positive impact this has on patient experience and satisfaction.

At the very start of this annual report we paid tribute to our staff and we do so again here. It is because of our staff that we have delivered strong performance and it is because of our staff that we continue to provide high levels of care. As you will see from the staff report which begins on **page 43**, we place great importance on supporting our colleagues and we want to be an employer of choice in the local area. We take feedback from our workforce seriously and we undertake quarterly surveys to seek feedback. We were disappointed in the results of this year's national staff survey and a more detailed narrative is provided later in this annual report. As an additional way of making sure that feedback from colleagues is heard, we have also introduced a face-to-face staff story at our board meetings and it is our intention for the patient and staff stories to alternate going forwards to allow sufficient focus on the issues raised.

As well as commending our own staff, we also want to pay tribute to the staff from our partner organisations across Wigan. We believe that it is only through teamwork and joined-up ways of working that we will collectively be able to provide the right levels of care for our population. We are proud to be part of the Healthier Wigan Partnership, which is a collaboration between the NHS, local authority and other partners to make health and social care services better in Wigan.

Healthier Wigan

More information available on page 43

The Healthier Wigan Partnership is working to create a simple, joined-up health and social care service which pledges to do the following for the people of Wigan:

1. **SUPPORT** you to be well and stay well
2. **HELP** you live a full, active life, doing what you like to do
3. **OFFER** easy access to more services in your community
4. **PROVIDE** you with the right treatment when you need it
5. **OFFER** the best possible care in the most efficient way

Joined up working is already making a real difference to our patients. The low number of patients who cannot be discharged because they are waiting for onward care facilities to become available is testament to the work of the integrated discharge team and others across Wigan who work tirelessly to coordinate resources to ensure patients are cared for in the right place at the right time.

It can be tempting to look at good performance in isolation and to avoid looking at areas where we can improve. At WWL, we firmly believe in continual improvement and we are committed to bettering ourselves in areas where we are not currently achieving the necessary standards. The board receives a performance report at each meeting which incorporates a clear dashboard to signpost directors to areas of concern.

Like many NHS organisations, we have faced significant challenges during the year. Almost a decade of austerity, coupled with increasing demand and workforce challenges, have had an impact on our ability to maintain our performance and despite achieving financial balance each year there remains a structural deficit which we need to address. Different ways of working will go some way to addressing the issue but the board is clear that the only sustainable way to do so is through the identification of recurrent service and value improvement schemes. That said, we were heartened by the announcement by the Chancellor of the Exchequer in the 2020 Budget around funding for NHS organisations during the COVID-19 pandemic and we anticipate that there will be a review of the wider funding arrangements for the NHS at an appropriate point in time.

Key issues, opportunities and risks

The overarching issue facing the NHS at the time of writing is the immediate response to the COVID-19 pandemic but we are equally focused on other issues resulting from the pandemic. We know that the diagnostic and screening programmes have been delayed nationally and we also know that the elective care programme will need to be resumed. What we don't yet know is the impact that this will have on our organisation, particularly as we anticipate a further peak of COVID-19 patients later in the year and a likely delay in sourcing a widely available vaccine.

We do recognise that out of adversity can come great opportunity and we are clear that these opportunities must not be missed. One of the greatest opportunities is the capacity for our organisation and the wider NHS to work differently. Things that would have been considered impossible only a few weeks ago are now happening and are working well.

As we write, colleagues within our organisation and across primary and secondary care are undertaking telephone and video consultations with patients. Back office staff who only a few weeks ago would travel to the office every day are now working remotely. Our IT systems have been enhanced and we rolled out organisation-wide videoconferencing capability within a matter of hours as opposed to the months it is likely to have taken under normal working conditions. As a board we have also learnt to work in different ways and to embrace the change. We offer our heartfelt thanks and praise to our staff for their versatility and we give a commitment that we will not simply revert to the old ways of working when we return to some normality. Instead we will review how we operated during the pandemic and make sure that the best elements become our new business as usual approach. We believe that this will also go some way to helping us to ensure the future success and sustainability of our organisation.

The board uses the board assurance framework as a tool to seek assurance around the delivery of corporate objectives and the associated risks. Each corporate objective is allocated either to a lead committee or to the board itself. The lead committee reviews the relevant entries on the board assurance framework at each meeting and if the committee is not scheduled to meet, the entries are reviewed by the board. Under normal circumstances, the complete board assurance framework is reviewed at each meeting of the board and it is used to promote discussion and debate as well as informing decision-making by directors. Due to the current national focus on COVID-19 and the impact that it is having on all other areas of work, we have temporarily suspended this approach and instead the board receives updates on risks associated with our organisational response.

For more information on how we manage risk within the foundation trust, including the detail of the key risks that the organisation was exposed to during 2019/20 and those identified for 2020/21, please see the Annual Governance Statement which begins on **page 69.**

More information available on page 69

Our performance this year

A summary of our performance against key access and quality metrics is provided below:

ACCESS HEADLINES

83.88%
performance against the Accident and Emergency four-hour wait target
(target 95%; 2018/19: 82.11%)

93.84%
performance against two-week wait from referral to date first seen for all urgent cancer referrals
(target 93%; 2018/19: 95.73%)

90.97%
performance against the 18-week referral-to-treatment pathway
(target 92%; 2018/19 93.25%)

98.98%
performance against 6-week diagnostic standard
(target 99%; 2018/19: 99.21%)

QUALITY HEADLINES

0
MRSA bacteraemias during the year
(target 0; 2019: 2)

48
C. difficile infections against a target of 3, with 6 attributable to lapses in care
(2018/19: 11 with 2 attributable to lapses in care)

4
never events against a target of 0
(2018/19: 5)

Hospital Standardised Mortality Rate (HSMR) of
107.4
for the period December 2018 to November 2019 (average is 100)
(2018/19: 95.7)

Silas Nicholls
Chief Executive and Accounting Officer
5 June 2020

Robert Armstrong
Chair
5 June 2020

HOW WE **ARE RUN**

The Board of Directors is responsible for the overall leadership and strategic direction of the organisation. The board is comprised of executive and non-executive directors and further information on the directors is available on pages 21 to 24.

The Council of Governors, made up of elected governors from our public and staff membership and appointed governors from our key stakeholders, has a number of statutory functions and two general duties – to represent the interests of members and the general public and to hold the non-executive directors to account for the performance of the board. More information on the Council of Governors is available on **page 58**.

Like many organisations across the UK, we have had to change how we operate as a result of COVID-19. In March 2019 we held our first board meeting by videoconference and as at the date of writing we have now moved to transacting all business via tele- or videoconferencing. Whereas we had previously held board meetings on a bi-monthly basis, we now hold these each month to ensure that the board is sighted on the foundation trust's approach to the local management of COVID-19 and to ensure that all directors are aware of any risks facing the organisation.

An independent Company Secretary provides corporate governance leadership, advice and support to both the board and the council. The Company Secretary has a dual reporting structure, reporting to the Chair professionally and to the Chief Executive on day-to-day matters. This ensures that the post holder is able to advise the collective board as well as the executive and non-executive directors separately when required. We have policies in place to deal with matters such as gifts and hospitality, declarations of interest and anti-bribery matters and we have a Freedom to Speak Up Guardian in place in line with best practice.

The executive directors collectively form the executive management team which provides day-to-day leadership and management of the organisation. Each director has a portfolio of responsibilities and is supported by dedicated support structures.

More information available on pages 21-24, 58 & 134

We have a clear divisional management structure to coordinate and deliver high quality clinical care across four divisions, each headed by a divisional triumvirate comprising a Divisional Medical Director, a Divisional Director of Nursing and a Divisional Director of Operations. Other services are provided through our corporate services and our estates and facilities teams.

We employ 6,253 members of staff, all of whom play their part in delivering high quality, safe and effective patient care. Our quality report is published separately this year and provides much more detail on the quality improvements we are pursuing. We expect that this will be published in late December 2020 and a copy can be obtained from our website or on request from the Company Secretary; please use the contact details on **page 134.**

Summary of our operational activity

The table below summarises our activity during 2019/20, and the figures for 2018/19 are provided for comparison:

		2019/20	2018/19
Referrals	GP	87,389	88,562
	Other	89,222	88,794
	Total	**176,611**	**177,356**
In-patient activity	Elective/planned	7,610	7,812
	Day cases	38,204	39,373
	Non-elective	38,787	40,454
	Total	**84,601**	**87,639**
Outpatient activity	New appointments (attendances)	142,184	141,191
	Follow-up appointments (attendances)	342,483	341,547
	Total	484,667	482,738
Accident and Emergency	New attendances	97,444	. 91,988
	Unplanned re-attendances	3*	2,070
	Total	**97,447**	**94,058**
Walk-in centre	**Total attendances**	**44,777**	**44,065**

* The low number of unplanned reattendances in 2019/20 is due to changes in recording when moving to a new electronic patient record and therefore direct comparison with the previous period is not possible.

Social, community and human rights issues

We recognise the need to forge strong links with the communities we serve so that we are responsive to feedback and can develop our services to meet current healthcare needs.

We are committed to meeting our obligations in respect of the human rights of our staff and patients, which is closely aligned both to the NHS constitution and our values. As a public body, it is unlawful for us to act in any way which is incompatible with the European Convention on Human Rights unless required by primary legislation.

We have anti-fraud policies in place and further information is available within the staff report which begins on **page 43** and within the annual governance statement which commences on **page 69.**

All our policies are reviewed on a regular basis and are subject to an equality impact assessment.

Financial performance

We have ended the financial year in a positive position, exceeding the control total set by NHS Improvement whilst also helping the Greater Manchester integrated care system achieve its collective control total and securing further resources for Greater Manchester. The whole of the organisation came together to ensure we met our financial targets which is essential in order to enable the continued investment in staff, facilities and services and to provide value for money and outstanding care for the populations we serve.

We ended the year with a surplus of £8.2m. This is a significant reduction when compared with the previous year and reflects national changes relating to the way in which provider trusts are funded by the NHS. Last year, we received £24.1m of Provider Sustainability Funding by achieving criteria set by the NHS. This year, the value of that funding available on a national scale was reduced and we received £4.7m; a reduction of £19.4m when compared with 2018/19.

Capital investment for the year totalled £26.3m and we had a closing cash balance of £40m. Our finance and use of resources score was 3 and further details of this can be found on **page 67.**

Income

We generated £397.6m of income in the year; £24m more than planned.

As a foundation trust, the income we receive from the provision of goods and services for the purposes of the health service in England (often referred to as our "principal purpose") must be greater than the income we receive from the provision of goods and services for any other purposes (which we have termed "non-principal income"). The charts below demonstrate our compliance with this requirement.

> "We generated £397.6m of income in the year; £24m more than planned."

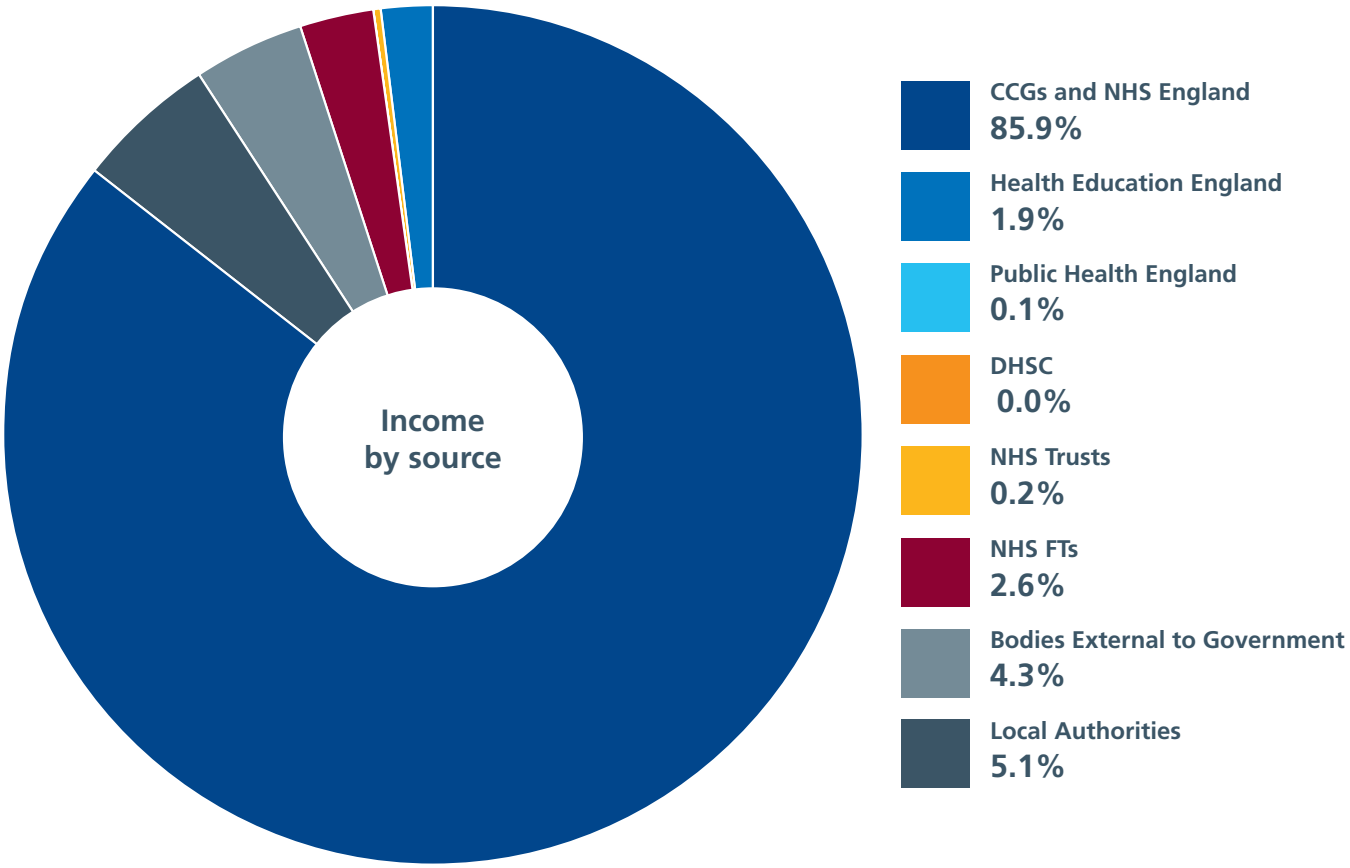
	2019/20 £000	2018/19 £000
Non-principal income	15,192	13,584
Total income	397,622	343,626
Non-principal income as a percentage of all income:	**3.8%**	**4.0%**

The directors consider that the income received otherwise than from the provision of goods and services for the purposes of the health service in England has not had an impact on the provision of goods and services for those purposes.

More information available on pages 43, 65 & 67

Income by source

The chart below shows the split of our income by source during the year. The majority of income is received from Government bodies, with only 4.3% of income received from bodies outside of the Government.



Income generated from the provision of patient care totalled £362.3m in 2019/20, compared with £290.2m in 2018/19 which is an increase of £70.1m. The main reason for the increase relates to the transfer of the community services contract into the foundation trust on 1 April 2019 (£51m) and central pension funding (£9.4m). Wigan Borough Clinical Commissioning Group remains the largest commissioner of services, contributing 60% (£239m) of our overall income. In 2018/19 they contributed 57% (£196.3m) with the increase predominately being related to the transfer of community services.

Clinical income by point of delivery

	2019/20 £000	2018/19 £000
Acute services		
Elective income	64,878	65,594
Non-elective income	76,208	73,491
First outpatient income	19,851	18,451
Follow-up outpatient income	24,831	23,079
A&E income	14,847	11,959
High cost drugs income from commissioners (excluding pass-through costs)	11,027	9,799
Other NHS clinical income*	82,106	77,297
Community services	54,494	3,220
Additional income		
Private patient income	3,804	3,123
Agenda for change pay award	0	3,252
Additional pension contribution central funding	9,248	0
Other clinical income**	1,049	938
Total income from activities	**362,343**	**209,203**

* Other NHS clinical income includes income in respect of maternity outpatients, diagnostic imaging breast screening, audiology, chemotherapy and palliative care.

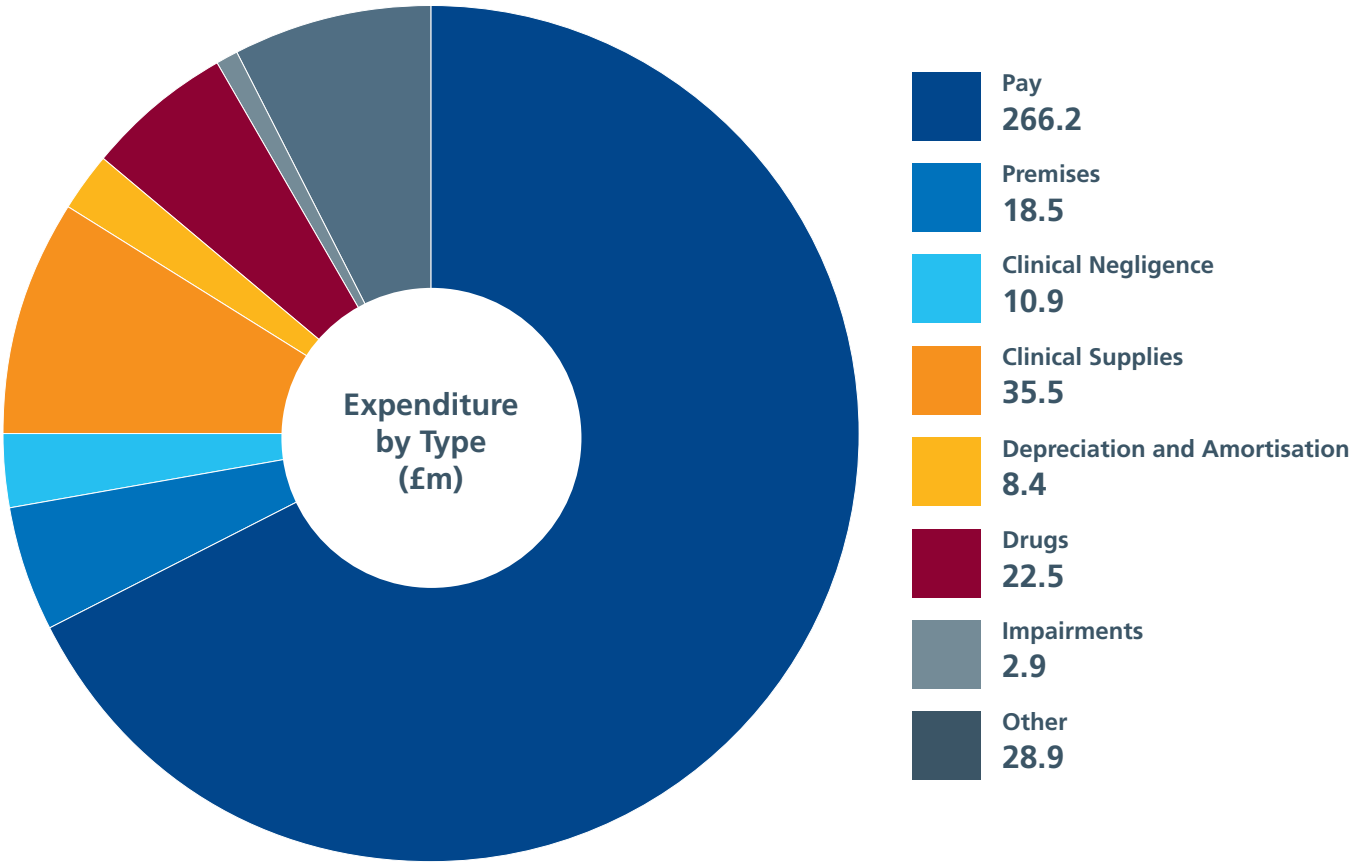
** Other clinical income relates largely to income from the NHS Injury Cost Recovery Scheme (ICR) for third-party injury claims.

Expenditure

Total operating expenditure for the year was £394m (including impairments) compared to £307m in 2018/19, which is an increase of £92m or 28%. £49m of this increase was due to the transfer of community services from Bridgewater Community Healthcare NHS Foundation Trust on 1 April 2019. There was also an increase of £9m for the employer's pension increase which was funded centrally and £6m for pay awards and incremental drift. Pay was the largest expenditure item at £266m (2018/19: £210m) which is 68% of total expenditure. Within this figure, the amount spent on registered nursing, midwifery and health visiting staff remains the most significant at £78m (2018/19: £53m) and has increased due to recruitment initiatives to fill vacant posts.

The largest items of non-pay expenditure included £23m spent on drugs (2018/19: £23m), £36m on clinical supplies (2018/19: 33m), £11m on clinical negligence premiums (2018/19: £11m) and £19m in premises costs. Depreciation and amortisation of £8m and net impairments of £3m are included in the overall expenditure figure.

The following graph shows the main categories with the total reportable expenditure:



Cost improvement plans

The financial benefit derived from our cost improvement programme, internally known as service and value improvements, was £10.1m (2018/19: £12.7m). £8.2m of schemes were led by the divisions and £1.9m were the result of trust wide schemes such as theatre and outpatient productivity.

Capital investment programme

During the year, we completed £26.3m of capital investments which have significantly improved services for both patients and staff. A summary of the capital investments undertaken in the year is provided below:

Capital investment scheme	Investment benefits	£000k
Community Health Investment Plan (CHIP)	A joint initiative with Wigan Borough Council CHIP is an investment in assets outside of the hospital. This scheme will help stem demand into the hospital and improve the overall health and wellbeing of the locality.	12,850
Medical equipment	The continued investment in medical equipment including a replacement MRI Scanner.	3,426
IT Equipment	Upgrade to network to improve resilience and security plus significant investment in mobile devices.	3,277
Site improvements, upgrades and maintenance	Improvements and upgrades to our sites including refurbishment of the main entrance at Royal Albert, provision of security lighting and general maintenance to improve patient areas.	2,339
Energy efficiency schemes	Purchase and installation of energy efficient heating and lighting systems.	1,900
Health Information Scheme (HIS)	The continued development of the HIS platform providing rapid and seamless access to patient information (software and hardware).	1,266
New Ward	Initial investment in a new ward on the Royal Albert site which will become a step-down facility for patients discharged from acute wards.	794
COVID-19	During March 2020 we purchased a number of pieces of equipment to support the treatment of patients being admitted to hospital as a result of COVID-19.	415
		TOTAL: 26,267

Going concern

Based on all available evidence, the directors are confident that the NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

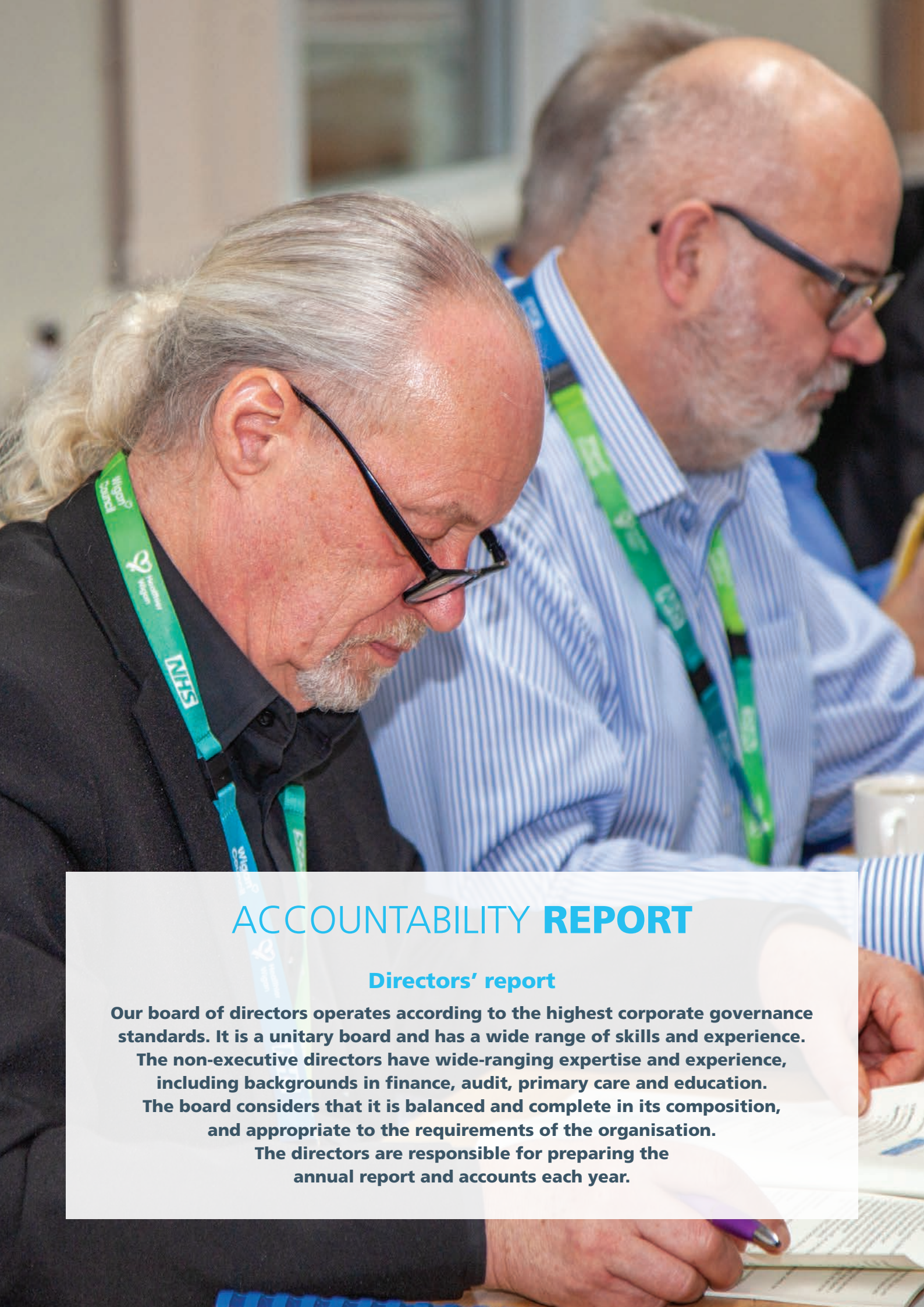
For many organisations, COVID-19 is a material uncertainty that will cast significant doubt on their ability to continue as a going concern. For NHS bodies, this is not the case. As the Chancellor's statement in the Budget 2020 confirmed that "whatever resources our NHS needs to cope with the coronavirus it will get" for the period of the crisis there is more certainty about funding than before.

For the period of the crisis NHS England and NHS Improvement have put in place a number of financial arrangements to support provider organisations which will ensure that any costs we incur during this period are covered through a guaranteed level of income which reflect the current cost base.

After the end of the current exceptional financial arrangements, which may be in place for most of 2020/21, changes to the Financial Recovery Fund set out in the NHS Operational Planning and Contracting Guidance for 2020/21 published in January 2020 should mean that the need for longer-term financial support will be rare and should only arise in exceptional circumstances. The forthcoming Comprehensive Spending Review will also have a major bearing on the future resource base of the NHS.

Taking the above into account, the directors believe that it is appropriate to prepare the accounts on a going concern basis.

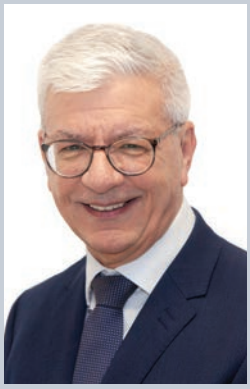
Silas Nicholls
Chief Executive and Accounting Officer
5 June 2020



ACCOUNTABILITY **REPORT**

Directors' report

Our board of directors operates according to the highest corporate governance standards. It is a unitary board and has a wide range of skills and experience. The non-executive directors have wide-ranging expertise and experience, including backgrounds in finance, audit, primary care and education. The board considers that it is balanced and complete in its composition, and appropriate to the requirements of the organisation. The directors are responsible for preparing the annual report and accounts each year.



Robert Armstrong,
Chair

Independent

Appointment
1 Nov 2014 to
31 Oct 2021

Robert has extensive experience in senior management roles, most recently with BT. He has led on the development of joint venture companies across Europe and the United States and is a passionate advocate of the "customer-led" approach.

Silas Nicholls,
Chief Executive

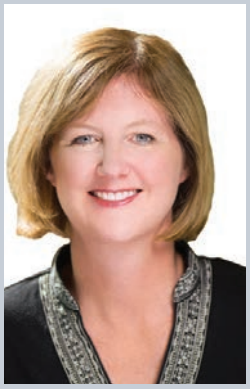
Permanent post

Having previously been our Director of Strategy and Deputy Chief Executive, Silas returned to WWL as our Chief Executive in October 2019. He began his NHS career as a graduate management trainee and brings with him a wealth of experience from a number of operational and strategy roles across the north west and previous experience as the Chief Executive of two large NHS organisations.

Dr Sanjay Arya,
Medical Director

Permanent post

Sanjay is a consultant interventional cardiologist by background, with interests in coronary artery disease, coronary intervention, heart failure, arrhythmia, syncope and cardiac assessment for non-cardiac surgery and professional footballers.



Prof Clare Austin,
Non-Executive
Director

Independent

Appointment
1 May 2019 to
30 April 2022

Clare is the Associate Dean for Research and Innovation and the Director of Medical Education at Edge Hill University as well as the Chair of the Management Group of the Postgraduate Medical Institute. A Senior Fellow of the Higher Education Academy, Clare holds a BSc and PhD in Pharmacology and has been involved in medical education for many years. She is particularly interested in the use of reflective learning in personal and professional development.

Lady Rhona Bradley,
Non-Executive
Director

Independent

Appointment
1 Dec 2019 to
31 Nov 2022

Rhona has 25 years' experience in the criminal justice system with the National Probation Service in Greater Manchester and Cheshire and led the establishment of multi-agency youth offending services in Halton and Warrington Borough Councils. She has held a number of roles in social services, including director roles in both adult and children's services. Currently Chief Executive of Addiction Dependency Services, Rhona was appointed a Deputy Lieutenant for Greater Manchester in 2010.

Alison Balson,
Director of Workforce

Permanent post

Alison has extensive experience in managing human resources services and has worked in the NHS for over 15 years. She is committed to demonstrating the link between staff engagement, organisational performance and patient satisfaction. Alison genuinely believes in partnership working and the need to work collaboratively with trade union partners.

Dr Steven Elliot,
Non-Executive Director

Independent

Appointment
1 Apr 2018 to
31 Mar 2021

Steven has worked as a GP since 1983 and has been partner, both single handed and salaried. He was a GP with special interest in headaches at Salford Royal NHS Foundation Trust from 2004 to 2014 and spent 4 years as Associate Medical Director at NHS Salford PCT. Steven was Regional Director for commercial company Primecare UK and Chair of Community Based Strategy Group at NHS Salford CCG. He is currently a professional adviser for NHS England and a Non-Executive Director of a Community Interest Company.

Mary Fleming,
Chief Operating Officer

Permanent post

Mary has a strong patient-focused operational background with extensive experience in leading service improvement and innovation across a variety of clinical disciplines. She worked in the private sector before moving into healthcare and has previously worked in acute provider organisations across Greater Manchester and Yorkshire.

Mick Guymer,
Non-Executive Director

Independent

Appointment
1 Aug 2015 to
31 Jul 2021

Mick is a qualified accountant who has worked in the NHS for 40 years, with the last 20 years being in Director of Finance roles. He also spent almost 10 years as Project Director of a £500m private finance initiative to re-develop the Central Manchester site and relocate the Manchester Children's Hospitals.

Ian Haythornthwaite,
Non-Executive Director

Independent

Appointment
9 Apr 2018 to
8 Apr 2021

Ian is the Chief Operating Officer for BBC Nations and Regions, prior to which he was the Deputy Chief Executive of the North West Development Agency with responsibility for development of the Cumbria Economic Strategy. He has also previously held the role of Pro-Vice-Chancellor of the University of Central Lancashire.

Lynne Lobley,
Senior Independent Director

Independent

Appointment
26 Mar 2018 to 25 Mar 2021

Lynne's background is in education and most recently she was a member of the Senior Management Team at the Cheshire and Mersey Deanery. She has also been a member of the Deanery Integration Board and the Local Workforce Action Board. She has 20 years' experience as a NED in four very different trusts. Lynne is passionate about creating a joined up, sustainable health and social care service for the future.

Richard Mundon,
Director of Strategy and Planning

Permanent post

Richard is an experienced public servant who has spent the majority of his career in the health sector. He spent 25 years with the Department of Health across a range of policy, management and corporate disciplines. He has experience of leading large change processes and developing performance management and planning regimes.

Ged Murphy,
Acting Chief Finance Officer

Temporary post

Appointment
From 1 Apr 2020, pending substantive recruitment

Ged has substantial experience in senior finance roles across a number of sectors, including NHS and local authority. A former Director of Finance and Technical Services for Greater Manchester Fire and Rescue Service, Ged has held a number of director roles in public sector subsidiary companies and previously trained as a retained firefighter to give him a good understanding of the challenges of operational firefighting. A graduate of the Nye Bevan Executive Leadership Programme, Ged is committed to staff and team development and is a passionate supporter of public services and the role they play in society.

Helen Richardson,
Chief Nurse

Permanent post

Helen has extensive nurse leadership and operational management experience and joined us with more than 34 years' nursing experience across provider, commissioning and regulatory organisations during which she has held a variety of senior positions. Helen studied at the Mid Glamorgan School of Nursing and has worked across Wales and the South West where she undertook the NHS Top Leaders Programme.

Prof Tony Warne,
Vice-Chair

Independent

Appointment
1 Nov 2013 to 30 Oct 2020

A Professor Emeritus in Mental Healthcare and former Pro-Vice-Chancellor at the University of Salford, Tony is a registered nurse, nurse educator and researcher. He has worked in NHS mental health care services since 1975, both as a practitioner and a service manager. He left the NHS in 1995 and his research since has been focused on inter-personal, intra-personal and extra-personal relationships using a psychodynamic and managerialist analytical discourse.

The following individuals were also directors of Wrightington, Wigan and Leigh NHS Foundation Trust during 2019/20:

Rob Forster,
Director of Finance
to 31 March 2020

Andrew Foster,
Chief Executive
to 25 October 2019

Pauline Law,
Director of Nursing
to 4 August 2019

Jon Lloyd,
Non-Executive Director
to 31 December 2019

Tony Warne has recently been appointed as a Non-Executive Director at Blackpool Teaching Hospitals NHS Foundation Trust. The constitutions of both organisations allow for directors to sit on more than one NHS board and given the current challenges associated with COVID-19 it was felt beneficial to retain Tony's experience and knowledge until the end of his term of office. The board is satisfied that there are no conflicts of interest which prevent both roles being held.

All directors are required to comply with the requirements of the fit and proper persons test and are required to make an annual declaration of compliance in this regard.

Appointment and removal of non-executive directors

Appointment and, if appropriate, removal of non-executive directors is the responsibility of the Council of Governors. When appointments are required to be made, usually for a three-year term, a Nominations and Remuneration Committee of the council oversees the process and makes recommendations as to appointment to the full council. The procedure for removal of the Chair and other non-executive directors is laid out in our constitution which is available on our website or on request from the Company Secretary.

Division of responsibility

There is a clear division of responsibilities between the Chair and the Chief Executive which is set out in writing and has been approved by the board. The Chair ensures that the board has a strategy which delivers a service that meets the expectations of the communities we serve and that the organisation has an executive team with the ability to deliver the strategy. The Chair facilitates the contribution of the non-executive directors and their constructive relationships with the executives. The Chief Executive is responsible for the leadership of the executive team and for implementing our strategy and delivering our overall objectives, and for ensuring that we have appropriate risk management systems in place.

Declarations of interest

All directors have a responsibility to declare relevant interests as defined within our constitution. These declarations are made to the Company Secretary, reported formally to the board, and entered into a register which is available to the public. A copy of the register is available on our website or on request from the Company Secretary.

"We are committed to ensuring that the board is made up of a majority of independent non-executive directors who objectively challenge management. "

Independence of directors

The non-executive directors bring strong, independent oversight to the board and all non-executive directors are currently considered to be independent. We are committed to ensuring that the board is made up of a majority of independent non-executive directors who objectively challenge management.

The Council of Governors is responsible for all decisions to reappoint non-executive directors and is supported in its consideration by the recommendations it receives from the Nominations and Remuneration Committee. Any recommendation to reappoint a non-executive director beyond six years follows detailed scrutiny to ensure the continued independence of the individual director and, generally speaking, such terms of office are avoided unless there are exceptional grounds for them to be considered. Any non-executive director appointed beyond six years is subject to annual reappointment and the maximum term of office is nine consecutive years.

The board has reserved certain powers and decisions to itself; these are set out in the Scheme of Reservation and Delegation. This details the roles and responsibilities of the Board of Directors, the Council of Governors and committees of the board.

The foundation trust is able to make arrangements for the exercise of any of its powers by a committee of directors or by individual directors, subject to such restrictions and conditions as the board thinks fit. Standing Orders set out the arrangements for the exercise of such powers under delegation.





Attendance summary

The table below shows the attendance at board meetings for all directors in post during the 2019/20 financial year. Where directors were appointed after the year-end, they have not been included.

Name of director	A	B	Percentage attendance
Robert Armstrong, Chair	6	7	**86%**
Andrew Foster, Chief Executive (to October 2019)	1	4	**25%**
Silas Nicholls, Chief Executive (from October 2019)	3	3	**100%**
Sanjay Arya, Medical Director	7	7	**100%**
Claire Austin, Non-Executive Director	5	7	**71%**
Alison Balson, Director of Workforce	5	7	**71%**
Rhona Bradley, Non-Executive Director (from December 2019)	2	2	**100%**
Steven Elliot, Non-Executive Director	6	7	**86%**
Mary Fleming, Chief Operating Officer	6	7	**86%**
Rob Forster, Director of Finance	6	7	**86%**
Mick Guymer, Non-Executive Director	7	7	**100%**
Ian Haythornthwaite, Non-Executive Director	4	7	**57%**
Pauline Law, Chief Nurse (to August 2019)	4	4	**100%**
Lynne Lobley, Non-Executive Director	7	7	**100%**
Jon Lloyd, Non-Executive Director (to December 2019)	3	5	**60%**
Richard Mundon, Director of Strategy and Planning	6	7	**86%**
Helen Richardson, Chief Nurse (from August 2019)	4	4	**100%**
Tony Warne, Non-Executive Director	6	7	**86%**

A: number of meeting attended
B: number of meetings the director could have attended

Evaluating performance and effectiveness

Each year the board undertakes a review of its performance and effectiveness and this provides a useful opportunity to take a step back and reflect.

This year, we built upon the formal well-led review which we undertook in 2017/18 and the follow-up work completed during 2018/19 by undertaking a review of our committee structure. As a result, we developed a new approach to committees which had been due to be implemented from April 2020. The introduction of these arrangements is currently paused due to the prevailing situation with the global COVID-19 pandemic and we will introduce them as part of the recovery phase of our organisational response.

Under the new working arrangements committees will meet bi-monthly by default but a number of key triggers will be set out which will result in the frequency of meetings being reviewed. In addition, we have moved away from all executive directors attending all meetings and moved towards the executive team taking a more holistic approach, whilst retaining the presence of those executives with lead responsibilities for the portfolios under the purview of each committee.

A robust appraisal process is in place for all directors and other senior executives. The Chair appraises the Chief Executive, and the Chief Executive carries out performance reviews of the other executives. These reports are then submitted to the Remuneration Committee for consideration.

The Chair undertakes the performance review of non-executive directors using our non-executive director competency framework and the outcomes of these appraisals are reported to the Council of Governors. During 2019/20, as in previous years, the performance review of the Chair was led by the Senior Independent Director in accordance with a process agreed by the Council of Governors. The outcome was then reported to the council by the Senior Independent Director.

Understanding the views of governors and members

Directors develop an understanding of the views of governors and members about the organisation through attendance at members' events, attendance at Council of Governors meetings and attending the annual members' meeting. The Chair also has regular discussions with the lead governor and two-way communication is facilitated, either directly or through the Company Secretary.

Mandatory declarations required within the directors' report

- We have complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.
- A statement describing adoption of the Better Payment Practice Code is included within the accounts.
- No interest or compensation was paid under the Late Payment of Commercial Debts (Interest) Act 1998 during 2019/20 or 2018/19.
- More information on the arrangements that are in place to ensure that services are well-led can be found in our annual governance statement.

- Income disclosures as required by section 43(2A) of the National Health Service Act 2006 are included within the performance report.
- Each director has taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the NHS foundation trust's auditor is aware of that information.

In making these declarations, the directors confirm that they have made such enquiries of their fellow directors and of the foundation trust's auditors for that purpose, and taken such steps (if any) for that purpose, as are required by their duty as a director of the foundation trust to exercise reasonable care, skill and diligence.

REMUNERATION **REPORT**

I am pleased to present the remuneration report for the financial year 2019/20 on behalf of the foundation trust's two remuneration committees.

As set out in legislation, the Remuneration Committee has been established by the Board of Directors to determine the remuneration, allowances and other terms and conditions of office of the executive directors.

Whilst the Council of Governors is ultimately responsible for determining the remuneration, allowances and other terms and conditions of office of the non-executive directors, it has established the Nominations and Remuneration Committee to consider these matters in detail and to present recommendations to the full Council for consideration at a general meeting.

Within this report, the term "senior manager" is used. Guidance issued by NHS Improvement defines senior managers as "those who influence the decisions of the NHS foundation trust as a whole rather than the decisions of individual directorates or sections within the NHS foundation trust". As a result, only members of the Board of Directors have been treated as senior managers for the purpose of this report.

In accordance with the requirements of the HM Treasury Financial Reporting Manual and reporting requirements issued by NHS Improvement, this report has been divided into three parts:

- the **annual statement on remuneration,** which sets out the major decisions on senior managers' remuneration as well as any substantial changes to senior managers' remuneration which were made during the year and the context in which those changes occurred and decisions have been taken;
- the **senior managers' remuneration policy,** which sets out information about our policy in a standardised format across the sector; and
- the **annual report on remuneration** which includes details about the directors' service contracts and sets out other matters such as committee membership, attendance and the business transacted.

Annual statement on remuneration

The two remuneration committees aim to ensure that both non-executive and executive directors' remuneration is set appropriately, taking into account relevant market conditions. As Chair of the foundation trust, I chair both of these committees except when my own remuneration or terms of service are under consideration, at which point I withdraw from the meeting and take no part in the discussions or decision-making.

Non-executive directors

During the year, NHS Improvement published guidance on the remuneration of chairs and non-executive directors of NHS foundation trusts and NHS trusts. The guidance acknowledges that whilst there are 150 foundation trusts in existence, they are not necessarily the largest or most complex NHS organisations and it argues that there is essentially no distinction between the services provided by NHS trusts and NHS foundation trusts, nor in their respective responsibilities, yet there is significant variation in the level of remuneration. The guidance was therefore issued in an attempt to standardise non-executive directors' remuneration across the NHS and for the level of chairs' remuneration to be informed by the size of the organisation's turnover.

Whilst recognising that as an autonomous foundation trust there is no requirement to comply with the guidance, the Council of Governors has nonetheless agreed to follow it. As a result, no in-year increases were applied to the remuneration of the chair or the non-executive directors as all were already paid slightly above the levels set out in the guidance. The Council of Governors has agreed that all new chair and non-executive director appointments will be made in accordance with the recommendations contained in the guidance.

For those existing non-executive directors who are eligible to be appointed for a further term of office, the guidance recommends that their remuneration be aligned to the guidance at the time of reappointment. The Council of Governors will consider each on a case-by-case basis, taking into account the need to retain talented individuals and to ensure an appropriate skill mix around the board table.

Executive directors

Our new Chief Executive was appointed during the year on a spot salary which was set at the median average of NHS Improvement's established pay range for medium-sized acute NHS organisations. In line with national guidance, the increase in salary was less than 10% when compared with his previous salary. Ministerial opinion was sought on the proposed salary prior to it being confirmed and a positive opinion was provided.

The outgoing Chief Executive had served notice of his intention to retire prior to the start of the year. In the absence of updated national guidance at the time of the Remuneration Committee meeting, a non-consolidated increase of £2,075 was applied to his annual salary in line with national guidance for 2018/19. This increase was applied on a pro rata basis until the date of his retirement.

As a Consultant Cardiologist, the Medical Director is employed in accordance with the 2003 Consultant terms and conditions. He receives a management allowance for his non-clinical responsibilities which include acting as Medical Director, and this was uplifted by £243 (1%) to £24,542 per annum from 1 April 2019.

The remaining executive directors are employed on set scales of remuneration, which operate in the same way as Agenda for Change does for other staff. There is no guarantee of receiving an increment and any increase is based on performance in post. There is one pay scale for the Director of Finance and another pay scale for the remaining executive directors. All directors who were eligible to move to the next increment in-year did so.

> "The Council of Governors will consider each on a case-by-case basis, taking into account the need to retain talented individuals and to ensure an appropriate skill mix around the board table."

The Director of Finance had reached the top of the pay scale in 2018/19 and his salary also exceeded the established national pay ranges for medium-sized acute NHS organisations. As a result, the Remuneration Committee awarded a non-consolidated increase of £2,075 to his annual salary in line with the 2018/19 guidance. The Committee also agreed a budget of £30,000 to fund a development opportunity of his choosing

and he elected to undertake an Executive Programme in Social Entrepreneurship at Stanford University in the United States. The cost of this development opportunity was c.£10,000. Although the Director of Finance had resigned from his role before undertaking the course, the committee recognised that he would be transferring to another NHS organisation and that the expenditure it had agreed would still be used for the benefit of the wider NHS.

All Executive Directors in post as at 31 March 2019, including the Chief Executive, Medical Director and Director of Finance, were also awarded a one-off, non-consolidated payment of £1,400 in recognition of the work involved in preparing for the transfer of community services into the foundation trust. The Director of Workforce elected to decline this payment in recognition of the wider work that was undertaken across the organisation to make the transfer a success.

With the exception of the Chief Executive and Medical Director, all executive directors are entitled to an additional car allowance payment of £6,945. An 11% salary uplift is applied in respect of the Deputy Chief Executive post, which was held by the Director of Finance until he left on 31 March 2020 and is currently vacant. We will be reviewing these arrangements during 2020/21.

Robert Armstrong
Chair
5 June 2020

"Whether you empty a bin, draw up drugs, write down a few obs or clean a patient's mouth we will be thankful, every little bit will help. We don't expect you to be ICU nurses.

You are our support."




Senior managers' remuneration policy

The table below sets out the component parts of our remuneration package for senior managers which comprise the senior managers' remuneration policy:

Element of pay	Purpose and link to strategy	How operated
Executive directors' base salary	To help promote the long-term success of WWL and retain high calibre executive directors.	As determined by salary scales. Increments reviewed annually and approval based on performance.
Executive directors' taxable benefits	To help promote the long-term success of WWL and retain high calibre executive directors.	Benefits for executive directors include: Personal car allowance Pension-related benefits (annual increase in NHS pension entitlement)
Executive directors' pension	To help promote the long-term success of WWL and retain high calibre executive directors.	We operate the standard NHS pension scheme without any exceptions
Non-executive directors' fees (including the Chair)	To attract and retain high quality and experienced non-executive directors	The remuneration of the non-executive directors is set by the Council of Governors on the recommendation of the Nominations and Remuneration Committee, having regard to the time commitment and responsibilities associated with the role. The remuneration is reviewed annually, taking account of fees paid by other foundation trusts and national guidance. Non-executive directors do not participate in any performance-related schemes nor do they receive any pension or private medical insurance or taxable benefits.
Other fees payable to Non-Executive Directors or other items that are considered to be remuneration in nature	To attract and retain high quality and experienced non-executive directors	Prior to 2019/20, enhancements to the standard Non-Executive Director remuneration were paid for to the Vice-Chair, the Senior Independent Director, the Audit Committee Chair and those who chaired committees. These were determined by the Council of Governors based on benchmarking data. Existing post holders will retain such enhancements until they are considered for reappointment; new post holders will not be offered such enhancements in line with new national guidance.

Maximum opportunity	Description of performance metrics	Changes from previous year
There is no prescribed maximum annual increase, however it is anticipated that directors will only move one pay point per year unless their duties fundamentally change	Personal objectives are set at the start of each year but no specific performance metrics that would influence payment under this policy are included. Receipt of annual increment is based on overall performance in post, as for other staff	No change
There is no formal maximum	N/A	No change
As per standard NHS pension scheme	N/A	No change
As determined by the Council of Governors	N/A	Reference to national guidance included.
Vice Chair: £4,490 Senior Independent Director: £4,490 Audit Committee Chair: £3,360 Committee chairs: £350	Enhancements were applied on appointment to the additional role. New appointments will be made in line with national NHS guidance on the remuneration of chairs and non-executive directors.	Brought in line with national guidance for new appointments

During the year, 2 senior managers were paid more than £150,000. Benchmark salary information for comparative jobs within the NHS was considered at the time of appointment and it was concluded that the remuneration agreed was appropriate and reasonable for the current post holder.

There are currently no provisions within directors' terms and conditions of employment to allow for the recovery of any sums paid to directors or for withholding the payments of sums to senior managers. The Remuneration Committee will be reviewing this during 2020/21.

Policy on diversity and inclusion

We are committed to the principles of diversity and inclusion and we recognise the importance of having a board that is made up of people from different backgrounds and with varied characteristics. We have agreed a policy on board diversity and inclusion which both the Remuneration Committee and the Nomination and Remuneration Committee will use when considering board-level appointments.

The policy has at its heart the objective of ensuring that diversity and inclusion are taken into consideration when evaluating the skills, knowledge and experience needed for each board-level vacancy and that our recruitment processes encourage the emergence of candidates from diverse backgrounds. This is in line with our wider organisational strategy which gives a firm commitment that everyone will have the opportunity to achieve their purpose.

During 2019/20 we have appointed four directors and three of the appointed candidates were female. As a result, the board is now made up of 40% female directors and 60% male directors. A key area of focus for us in future recruitment campaigns will be to seek to increase the number of black, Asian and minority ethnic applicants to board-level roles.

Service contract obligations

The contracts of employment for all executive directors are permanent, continuation of which is subject to regular and rigorous reviews of performance. There are no obligations on the foundation trust which could give rise to, or impact on, remuneration payments or payments for loss of office not disclosed elsewhere in this report.

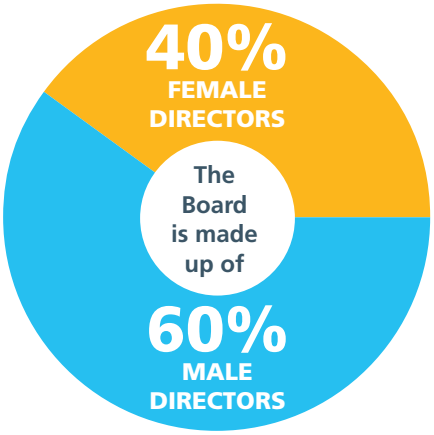
Policy on payment for loss of office

All executive directors' contracts contain a notice period of three months, with the exception of the Chief Executive's contract which contains a six-month notice period. If loss of office were to be on the grounds of redundancy, this would be calculated in line with Agenda for Change methodology and consistent with NHS redundancy terms and maximum caps. Loss of office on the grounds of gross misconduct would result in summary dismissal without payment of notice.

Statement of consideration of employment conditions elsewhere in the foundation trust

In setting the remuneration policy for senior managers, consideration was given to the pay and conditions of employees on Agenda for Change and relevant national guidance. In determining non-incremental pay uplift for executive directors and other senior managers, consideration is given to any national pay award decisions and to appropriate national guidance.

The remuneration for executive directors is reviewed annually, based on benchmark data and the same performance criteria that applies for incremental pay progression for all Agenda for Change staff, as set out in our Pay Progression Policy. This policy was completed in partnership with staff side and approved by the Partnership Council.



"We are committed to the principles of diversity and inclusion and we recognise the importance of having a board that is made up of people from different backgrounds and with varied characteristics.

A key area of focus for us in future recruitment campaigns will be to seek to increase the number of black, Asian and minority ethnic applicants to board-level roles."

Annual report on remuneration

Information on each senior manager's service contract, correct as at the date of signing, is provided in the tables below:

Executive directors

Name	Role	Start date	Unexpired term	Notice period
Silas Nicholls	Chief Executive	28 Oct 2019	Permanent contract	6 months
Andrew Foster	Chief Executive	15 Jan 2007	Ended 25 Oct 2019	6 months
Sanjay Arya	Medical Director	1 Apr 2017	Permanent contract	3 months
Alison Balson	Director of Workforce	14 Sep 2015	Permanent contract	3 months
Mary Fleming	Chief Operating Officer	1 Apr 2016	Permanent contract	3 months
Rob Forster	Director of Finance	10 Nov 2011	Ended 31 Mar 2020	3 months
Pauline Law	Chief Nurse	1 Apr 2016	Ended 4 Aug 2019	3 months
Richard Mundon	Director of Strategy & Planning	28 Sep 2015	Permanent contract	3 months
Ged Murphy	Acting Chief Finance Officer	1 Apr 2020	Until substantive appointment made	3 months
Helen Richardson	Chief Nurse	5 Aug 2019	Permanent contract	3 months

Non-executive directors

The chair and non-executive directors are appointed for a period of office as decided by the Council of Governors. Subject to satisfactory performance, they are able to serve a maximum term of nine years, although in accordance with the NHS Foundation Trust Code of Governance any term beyond six years is subject to rigorous review and annual re-appointment.

The "maximum term end date" shown in the table below is the point at which the nine years' maximum service will have been reached and is not an indication that the contract will continue until this date. The Council of Governors is particularly mindful of the need to ensure independence and the progressive refreshing of the Board of Directors and takes this into account when making decision as to the reappointment of non-executive directors.

Name	Start date in role	Start date of current contract	Unexpired portion of current contract	Maximum term end date	Notice period
Robert Armstrong Chair	1 Nov 2014	1 Nov 2019	1 year, 4 months*	31 Oct 2023	3 months
Clare Austin Non-Executive Director	1 May 2019	1 May 2019	1 year, 10 months	30 Apr 2028	1 month
Rhona Bradley Non-Executive Director	1 Dec 2019	1 Dec 2019	2 years, 5 months	30 Nov 2028	1 month
Steven Elliot Non-Executive Director	1 Apr 2018	1 Apr 2018	9 months	31 Mar 2027	1 month
Mick Guymer Non-Executive Director	1 Aug 2015	1 Aug 2018	1 year, 1 month	31 Jul 2024	1 month
Ian Haythornthwaite Non-Executive Director	9 Apr 2018	9 Apr 2018	9 months	31 Mar 2027	1 month
Lynne Lobley Non-Executive Director	28 Mar 2018	28 Mar 2018	10 months	27 Mar 2027	1 month
Tony Warne Non-Executive Director	1 Nov 2013	1 Nov 2018	5 months	31 Oct 2022	1 month

* Robert Armstrong's term of office was due to come to an end in 31 October 2020 following six years in post. At its meeting on 18 July 2019 and following rigorous review, the Council of Governors approved a further term of office of 12 months. The rationale for this extension was that continuity was required at a very senior level following recent changes in board membership coupled with the then-forthcoming changes in executive leadership. The Council of Governors acknowledged that a particularly robust appraisal process had been undertaken, taking account of the views of many internal and external stakeholders, and that no concerns about the Chair's leadership or performance had been expressed. The Council further noted that extending Robert's term of office would facilitate a period of stability to allow the newly appointed Chief Executive to settle into the organisation before it becomes necessary to begin the process of appointing the Chair's successor.

Membership of remuneration committees

The Remuneration Committee established by the Board of Directors to consider matters relating to the remuneration, allowances and terms and conditions of office of the executive directors is made up of all the non-executive directors and is chaired by Robert Armstrong.

Attendance during 2019/20 was as follows:

Name of director	A	B	Percentage attendance
Robert Armstrong	1	1	100%
Claire Austin	1	1	100%
Steven Elliot	1	1	100%
Mick Guymer	1	1	100%
Ian Haythornthwaite	1	1	100%
Jon Lloyd	0	1	0%
Lynne Lobley	1	1	100%
Tony Warne	1	1	100%

A: number of meetings attended
B: number of meetings the director could have attended

* Rhona Bradley is not included in the attendance list as there are no meetings that she could have attended. She joined the organisation after the date of the only Remuneration Committee meeting in 2019/20.

The Chief Executive attends the committee in relation to discussions around board composition, succession planning and the remuneration and performance of executive directors. The Chief Executive is not present during discussions relating to his own performance, remuneration or terms and conditions of office.

The Director of Workforce and the Company Secretary attend meetings to provide support and advice. The Director of Workforce withdraws from the meeting during consideration of her own performance, remuneration or terms and conditions of office.

The Nominations and Remuneration Committee established by the Council of Governors to consider matters relating to the appointment, remuneration and other terms and conditions of service of the non-executive directors is also chaired by Robert Armstrong.

The committee's membership and attendance information is given below:

Name of committee member	A	B	Percentage attendance
Robert Armstrong, Chair	1	1	100%
Les Chamberlain, Public Governor	0	1	0%
Pauline Gregory, Public Governor	1	1	100%
Howard Gallimore, Public Governor	1	1	100%
Mustapha Koriba, Public Governor	0	1	0%
Linda Sykes, Public Governor	1	1	100%

A: number of meetings attended
B: number of meetings the director could have attended

The Company Secretary attends each meeting to provide advice and support to the committee. The chair withdraws from the meeting when his own reappointment, remuneration, allowances and other terms and conditions of office are under discussion.

During the year, two non-executive directors were appointed. One was appointed from our academic partner institution, Edge Hill University, and the other was appointed via a general recruitment campaign. The committee was assisted with this latter task by Diane Charnock Consulting, a recruitment consultancy with significant experience in recruiting non-executive directors. In determining which firm to use to support the process, a competitive pricing exercise was undertaken to ensure value for money. The committee was satisfied that the services received were objective and independent and a fee of £10,000 was paid for this work. The process involved focus groups with staff and governors as well as traditional interviews.

Remuneration for the year to 31 March 2020

The following tables and the fair pay multiple, which are subject to audit, show directors' remuneration for the year.

	Salary and fees (bands of £5,000)	Taxable benefits (to the nearest £100)	Pension related benefits (bands of £2,500)	Total (bands of £5,000)
Robert Armstrong, Chair	50 - 55	0	0	50 - 55
Silas Nicholls, Chief Executive (from Oct 2019)	75 - 80	0	15.0 - 17.5	90 - 95
Andrew Foster, Chief Executive (to Oct 2019)	120 - 125	0	0	120- 125
Sanjay Arya, Medical Director*	240 - 245	0	30.0 - 32.5	270 - 275
Clare Austin, Non-Executive Director	10 - 15	0	0	10 - 15
Alison Balson, Director of Workforce	125 - 130	0	27.5 - 30.0	155 - 160
Rhona Bradley, Non-Executive Director (from Dec 2019)	0 - 5	0	0	0 - 5
Steven Elliot, Non-Executive Director	10 - 15	0	0	10 - 15
Mary Fleming, Chief Operating Officer	125 - 130	0	45.0 - 47.5	170 - 175
Rob Forster, Director of Finance	185 - 190	300	42.5 - 45.0	225 - 230
Mick Guymer, Non-Executive Director	10 - 15	0	0	10 - 15
Ian Haythornthwaite, Non-Executive Director	15 - 20	0	0	15 - 20
Pauline Law, Chief Nurse (to Aug 2019)	65 - 70	0	0	65 - 70
Jon Lloyd, Non-Executive Director (May to Dec 2019)	10 - 15	0	0	10 - 15
Lynne Lobley, Non-Executive Director	15 - 20	0	0	15 - 20
Richard Mundon, Director of Strategy and Planning**	110 - 115	1,800	40.0 - 42.5	155 - 160
Helen Richardson, Chief Nurse (from Aug 2019)	75 - 80	0	60.0 - 62.5	135 - 140
Tony Warne, Non-Executive Director	15 - 20	0	0	15 - 20

* The above remuneration includes clinical duties of £178k that are not part of the individual's management role.

** During the period 1 July 2019 to 31 March 2020, Richard Mundon undertook a role in support of the Provider Federation Board, hosted by Manchester University NHS Foundation Trust, to give strategy and policy input to providers in Greater Manchester. His salary in the above table excludes the element of salary recharged to Manchester University NHS Foundation Trust.

All of the above directors were in post for the 12-month period to 31 March 2020 except where indicated. No annual performance or long-term performance-related bonuses were paid during the period. Taxable benefits relate to car lease contributions.

The value of pension benefits accrued during the year and during the prior year as shown in the table below is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights. This value derived does not represent an amount that will be received by the individual. It is a calculation that is intended to provide an estimation of the benefit that being a member of the pension scheme could provide. The pension benefit table provides further information on the pension benefits accruing to the individual.

Remuneration for the year to 31 March 2019

	Salary and fees (bands of £5,000)	Taxable benefits (to the nearest £100)	Pension related benefits (bands of £2,500)	Total (bands of £5,000)
Robert Armstrong, Chair	50 - 55	0	0	50 - 55
Andrew Foster, Chief Executive	205 - 210	0	17.5 - 20.0	220 - 225
Sanjay Arya, Medical Director*	230 - 235	0	67.5 - 70.0	300 - 305
Alison Balson, Director of Workforce	115 - 120	9,200	45.0 - 47.5	165 - 170
Neil Campbell, Non-Executive Director (until Sept 2018)	5 - 10	0	0	5 - 10
Mary Fleming, Chief Operating Officer	120 - 125	0	35.0 - 37.5	155 - 160
Rob Forster, Director of Finance	180 - 185	8,000	35.0 - 37.5	220 - 225
Mick Guymer, Non-Executive Director	10 - 15	0	0	10 - 15
Carole Hudson, Non-Executive Director (until Nov 2018)	10 - 15	0	0	10 - 15
Pauline Law, Chief Nurse	120 - 125	0	32.5 - 35.0	155 - 160
Jon Lloyd, Non-Executive Director (from Mar 2019)	0 - 5	0	0	0 - 5
Richard Mundon, Director of Strategy and Planning**	105 - 110	8,400	27.5 - 30.0	140 - 145
Lynne Lobley, Non-Executive Director	10 - 15	0	0	10 - 15
Ian Haythornthwaite, Non-Executive Director (from May 2018)	15 - 20	0	0	15 - 20
Steven Elliot, Non-Executive Director	10 - 15	0	0	10 - 15
Tony Warne, Non-Executive Director	15 - 20	0	0	15 - 20

* The above remuneration includes clinical duties of £110k that are not part of the individual's management role.

** During the period 1 April 2018 to 30 September 2018, Richard Mundon shared a joint role at Bolton NHS Foundation Trust as Director of Strategy for the Wigan Strategic Alliance. His salary in the above table excludes the element of salary recharged to Bolton NHS Foundation Trust

All of the above directors were in post for the 12-month period to 31 March 2019 except where indicated. No annual performance or long-term performance-related bonuses were paid during the period. Taxable benefits relate to car lease contributions.

Pension entitlements for year-ended 31 March 2020

Non-executive directors do not receive pensionable remuneration, therefore there are no entries in respect of pensions for non-executive directors.

In accordance with guidance issued by the NHS Business Services Authority, an increase of 2.4% CPI on the cash equivalent transfer value at 31 March 2020 has been applied.

	Real increase in pension at age 60 (Bands of £2,500 £000	Real increase in pension lump sum at age 60 (Bands of £2,500) £000	Total accrued pension at age 60 as at 31 March 2020 (Bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2020 (Bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2020 £000	Cash Equivalent Transfer Value at 31 March 2019 £000	Real increase in Cash Equivalent Transfer Value £000
Silas Nicholls, Chief Executive (from Aug 2019)	2.5 - 5.0	0	35 - 40	70 - 75	642	575	42
Andrew Foster, Chief Executive (to Oct 2019)	0 - 2.5	0 - 2.5	30 - 35	95 - 100	0	0	0
Sanjay Arya, Medical Director	0 - 2.5	5.0 - 7.5	60 - 65	190 - 195	1,508	1,383	65
Alison Balson, Director of Workforce	0 - 2.5	0 - 2.5	10 - 15	15 - 20	178	149	8
Rob Forster, Director of Finance	2.5 - 5.0	0	30 - 35	0	434	376	23
Mary Fleming, Chief Operating Officer	2.5 - 5.0	0 - 2.5	35 - 40	85 - 90	764	682	47
Pauline Law, Chief Nurse (to Aug 2019)	0	0	40 - 45	125 - 130	0	1,048	0
Richard Mundon, Director of Strategy and Planning	2.5 - 5.0	0	15 - 20	0	249	199	29
Helen Richardson, Chief Nurse (from Aug 2019)	2.5 - 5.0	12.5 - 15.0	45 - 50	135 - 140	1,037	889	118

Pension entitlements for year-ended 31 March 2019

In accordance with guidance issued by the NHS Business Services Authority, an increase of 3% CPI on the cash equivalent transfer value as at 31 March 2019 has been applied.

	Real increase in pension at age 60 (Bands of £2,500 £000	Real increase in pension lump sum at age 60 (Bands of £2,500) £000	Total accrued pension at age 60 as at 31 March 2019 (Bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2019 (Bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2019 £000	Cash Equivalent Transfer Value at 31 March 2018 £000	Real increase in Cash Equivalent Transfer Value £000
Andrew Foster, Chief Executive (to Oct 2019)	2.0 - 2.5	5.0 - 7.5	30 - 35	90 - 95	0	0	0
Sanjay Arya, Medical Director	2.5 - 5.0	10.0 - 12.5	60 - 65	180 - 185	1,383	1,139	185
Alison Balson, Director of Workforce	2.5 - 5.0	0 - 2.5	10 - 15	15 - 20	149	106	25
Rob Forster, Director of Finance	2.5 - 5.0	0	30 - 35	0	376	282	60
Mary Fleming, Chief Operating Officer	2.5 - 5.0	0 - 2.5	30 - 35	80 - 85	682	563	86
Pauline Law, Chief Nurse (to Aug 2019)	2.0 - 2.5	5.0 - 7.5	40 - 45	130 - 135	1,048	885	120
Richard Mundon, Director of Strategy and Planning	0 - 2.5	0	10 - 15	0	199	144	36

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accumulated by a member at a particular point in time. The benefits valued are the member's accumulated benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when a 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 accumulated as a consequence of their total membership of the scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

NHS Pensions are still assessing the impact of the McCloud judgment in relation to changes to benefits in 2015. The benefits and related CETVs disclosed do not allow for any potential future adjustments that may arise from this judgment.

Following the government's announcement that all public sector pension schemes will be required to provide the same indexation on the Guaranteed Minimum Pension (GMP) as on the remainder of the pension, NHS Pensions has revised its method of calculating CETVs. The real increase in CETV will therefore be impacted as it will include any increase in CETV due to the change in GMP methodology.

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 pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

During the period there were no compensation payments made to former senior managers nor any amounts payable to third parties for the services of a senior manager.

Directors' and governors' expenses

- The total number of governors in office as at 31 March 2020 was **26** (2019: 26).
- The total number of directors in office as at 31 March 2020 was **15** (2019: 14).
- Expenses paid to directors include all business expenses arising from the normal course of business and are paid in accordance with our policy.
- The total amount of expenses reimbursed to 11 directors during the year was **£11,300**, of which £3,000 relates to relocation expenses on appointment (6 directors, £4,200 in 2018/19).
- The total amount of expenses reimbursed to 13 governors during the year was **£1,100** (11 governors, £2,900 in 2018/19).

Fair pay multiples

We are required to disclose the relationship between the remuneration of the highest paid director in our organisation and the median remuneration of our workforce. In this context the median is defined as the total remuneration of the staff member who lies in the middle of the linear distribution of staff, excluding the highest paid director. The median is based on the annualised, full time equivalent remuneration for the year excluding employers' costs.

The banded remuneration of the highest paid director of Wrightington, Wigan and Leigh NHS Foundation Trust in the financial year 2019/20 was £240-245k (2018/19: £230-235k). This was 9.09 times (2018/19: 9.12 times) the median remuneration of the workforce, which was £26,692 (2018/19: £25,496). The salary of the highest paid director includes salary payments for work undertaken in performing clinical sessions.

As in previous years, temporary agency staff are excluded from the calculations. The calculation methodology has been maintained so that the 2019/20 results are comparable with those in previous years.

	FY2019/20	FY2018/19
Band of highest paid director's remuneration (£000)	240 - 245	230 - 235
Median total (£)	26,692	25,496
Ratio	9.09	9.12

The ratio for 2019/20 has decreased by 0.03. This is largely due to a change in the median figure as a result of pay increases under the Agenda for Change pay arrangements.

In 2019/20, 2 employees received remuneration in excess of the highest paid director (2018/19: 1 employee). Their remuneration ranged from £250k to £320k (2018/19: £260-265k).

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

Silas Nicholls
Chief Executive and Accounting Officer
5 June 2020

STAFF **REPORT**

2019/20 has been a period of high intensity for our workforce, with a continuation of the challenges experienced during 2018/19 in relation to high vacancy and sickness absence levels and a stringent NHS Improvement ceiling target for agency spend. Our dedicated members of staff have worked tirelessly through considerable pressures to deliver safe and effective services to our patients.

The year has seen questions asked of the NHS more widely around how services can be delivered effectively and safely within an increasingly challenging landscape in terms of workforce and finances, with the backdrop of the UK leaving the European Union and any implications on our workforce to consider and plan for, whilst offering support to those directly affected.

2019/20 brought the release of the Interim People Plan as part of the NHS Long Term Plan and, whilst awaiting final publication, we have nonetheless ensured that our internal strategy and corporate objectives relating to workforce reflect this.

We have been focused on:

Making the NHS the best place to work

- improving staff engagement and organisational culture so that staff feel happy and supported in work, feeling empowered to deliver change;
- improving the health and wellbeing of WWL staff;
- expansion and diversification of the apprenticeship offer;
- creating an environment that recognises the value of professional development; and
- looking at the psychological contract of work and how we can facilitate and embed job crafting within our health and care teams.

Improving leadership culture

- making compassionate leadership the norm;
- designing and implementing robust talent management and succession planning processes; and
- valuing diversity and inclusion demonstrated by our workforce at all levels being representative of the community we serve.

Tackling the nursing challenge

- increasing the undergraduate placement allocation; and
- continuing to explore opportunities for international recruitment.

Delivering 21st century care

- developing and implementing a creative workforce plan that delivers improved and appropriate workforce models to benefit staff and patients, including different ways of deploying our allied health professional and pharmacy workforce to deliver a detailed evaluation of individual wards and patient care needs in order to develop a multidisciplinary workforce model wrapped around the needs of the patient;
- ensuring the most effective and efficient deployment of the workforce; and
- developing and implementing a robust volunteer strategy.

Workforce planning has been a key focus for us over the past year, set against a context of NHS Improvement's *Developing Workforce Safeguards* and a declining position in our staff engagement. Common themes from staff feedback have highlighted the importance of ensuring that the right staff are in the right place at the right time to enable the effective delivery of care. In response, detailed work has been completed to develop a workforce plan for inpatient areas that takes into account the demand on services and the acuity of our patients. We have agreed a prioritised programme to improve professionally registered staffing ratios and to commence building multidisciplinary teams, where appropriate, for our patient profile.

To assist this, and to build a proactive allied health profession strategy, we have appointed a Chief Allied Health Professional. We have also prioritised the supporting of our junior medical staff by increasing the medical staffing levels across the wards so that they have improved support and experience during their training with us. We continue to explore and promote alternative workforce models and this is also built into our workforce plans for the next five years and forms part of our prioritisation programme.

We have continued to promote the importance of speaking up amongst our staff throughout 2019/20. We have successfully appointed a full-time Freedom to Speak Up Guardian, who will support us in further improving the speaking up arrangements in place and establishing a network of speaking up champions. The Freedom to Speak Up Guardian will continue to progress the action plan and compare our own arrangements against national reviews to ensure that best practice is adopted.

We have continued to maintain and promote positive partnerships, both internally with our divisional and staff side colleagues and externally with borough-wide health and social care partners and neighbouring NHS organisations, as we work towards building a sustainable workforce for the future and ensuring the delivery of the best possible healthcare for the population that we serve.

Alongside this, the workforce directorate has continued to deliver services in line with our People Promise along the four core elements of:

Employment essentials

In addition to the Interim People Plan, 2019/20 also saw the publication of Baroness Dido Harding's paper *A Fair Experience for All*, which made a series of recommendations for NHS organisations to consider in order to ensure that all staff are treated equitably in employer relations processes.

In response to her recommendations we have implemented a Disciplinary Scrutiny Panel, which considers all conduct cases put forward for formal investigation to ensure that this is an appropriate course of action. Additionally, we have instituted a quarterly Employer Relations Panel which reviews past employer relations cases to ensure that our policies and procedures were followed. Whilst the national aim of *A Fair Experience for All* is to ensure that the NHS's black, Asian and minority ethnic employees are assured that processes will be fair to them, we have broadened this programme of work so that we are assured that all our employees are treated fairly and that formal processes are only implemented where necessary.

We have continued to experience high levels of nursing vacancies throughout the year, with increasing turnover rates in an environment where demand significantly outweighs supply. The appointment of a new Chief Nurse has enabled a fresh approach to our recruitment strategy. We continue with a rolling recruitment programme and quarterly recruitment fairs. In addition, we have utilised local pay variations and incentive schemes where appropriate to encourage existing staff to cover extra shifts. We have also worked extensively with NHS Professionals, our primary provider of temporary clinical workers, to ensure that rates of pay are competitive and attractive to those working through them.

For 2020/21, we will be looking at opportunities to improve recruitment and retention rates, including:

- golden handshakes for band 5 experienced nurses;
- band 5-6 development programmes;
- provision of study leave allocation for nursing staff;
- a review of candidates that may not have been successful during previous recruitment to understand suitability for posts, with appropriate support and development packages;
- international recruitment;
- return to practice; and
- further development opportunities through our Talent Management and Learn & Grow strategies.

In terms of medical recruitment, there have been fluctuating levels of challenge across a number of specialities. Work has been undertaken with divisions to consider alternative workforce models and we have continued to support the Earn, Learn and Return programme for overseas doctors. This programme has remained consistent since its inception at supporting medical gaps whilst enhancing the education and future careers of our overseas visitors. The programme has been such a success that we are now looking to expand this to establish a pipeline of nurses to complement the workforce.

Whilst we continue to undertake positive steps to build and reinforce our workforce and staffing levels, in common with most NHS organisations we have also continued to see an increased use

of temporary staff and have seen the costs of using agency staff increase. We have therefore responded to NHS Improvement's requirements and where possible we have limited non-clinical agency usage, embracing staffing solutions such as of expanding our bank staffing offer to include administration and estates workforce. This has not been without its challenges and progress has been slow, but we are committed to finding alternative workforce solutions wherever possible to avoid paying agency premiums.

We have continued to explore digital solutions and initiatives to support our workforce where funding streams allow and we are currently exploring funding options to implement electronic rostering solutions across the organisation.

Given the challenges around recruitment and retention throughout the NHS, it is important for us to work to build an advantage in a competitive market. Throughout 2020/21 we will continue to develop our employment brand which will aim to support long-term recruitment and retention of staff. We aim to fully understand what attracts and what puts individuals off joining or staying with WWL so that we can clearly define and build an offer that will see us as the employer they choose now and in the future, knowing they can commence and build their career with us in a way that satisfies their job role and lifestyle choices. As part of the Healthier Wigan Partnership we are undertaking a research and analysis project which will seek to determine specifically what attracted staff members to work within the Wigan locality and their current organisations. The project will also engage with educational bodies and students to understand what considerations they may have in making choices around the location of their employment now and in the future. The results of this research will be likely to inform the development of our future strategies. We also continue with our work to offer premium work experience placement programmes for the borough's future workforce and to build relationships with local education institutions.

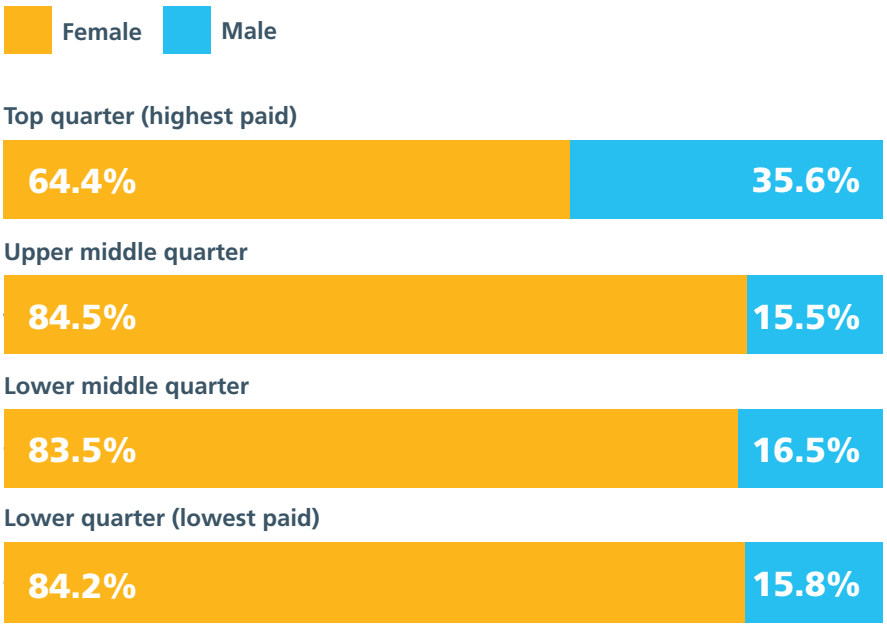
We work in close partnership with staff side and the Local Negotiating Committee representatives to ensure that the views of our employees are taken into consideration when making decisions which may affect their interests.

We remain committed to our equality and diversity agenda, with the aim of building a workforce that is truly representative of the community we serve. We continue to work with action plans that are responsive to our gender pay gap and meet our plans in terms of ensuring both race and disability workforce equality for our employees.

We are a Disability Confident employer, which means that we guarantee interviews to anyone declaring a disability during the recruitment process who meets the essential criteria for the role. We also ensure that equal opportunities and equality and diversity training is completed by managers with recruiting responsibilities and we work proactively with the Access to Work service to make appropriate adjustments where required to ensure that disabled employees are able to fulfil their roles.

In 2019/20, women's median hourly wages were 20% lower than those of their male counterparts (2018/19: 22%). Whilst women are the predominant workers across all four pay quarters, male workers are not evenly distributed and a significant proportion falls in the top quarter.

The table below shows the breakdown of our workforce by pay quarters:



Information on our most recent gender pay gap report and those submitted in previous years can be found on the Cabinet Office website:
https://gender-pay-gap.service.gov.uk/

The WWL Way

Go Engage, The WWL Way

Whilst the level of engagement has improved slightly from 2018/19 it has also fluctuated within the year. Key themes for development have included improving staff recognition and developing the extent to which staff feel able to influence decisions which affect them, particularly amongst those staff based outside of Wigan.

In response to these themes and to continue to develop our culture more generally, the following initiatives have continued to be delivered:

- the quarterly pulse check known as Your Voice has continued, in order to gather an understanding from staff in terms of their levels of engagement and identifying any areas of concern. Results are used to develop plans and actions at an organisational and divisional level;
- we have redesigned and relaunched our Go Engage Teams programme. This is now into its tenth cohort and features a comprehensive staff engagement diagnostic survey and a staff engagement toolkit. Participating teams have improved their engagement levels by up to 30%;
- in addition to the above, further staff feedback and engagement events have continued, including targeted staff listening events, to listen to and support our staff;
- a work stream dedicated to improving equality, diversity and inclusion within our workplace has been developed, particularly with regard to opportunities for progression and development opportunities;
- targeted work is also under development with the aim of supporting and developing our line managers, including provision of line manager training, as well as continuation of leadership masterclasses and the one-day leadership and management modules;
- we have launched a new Leaders' Forum which is held on a monthly basis to keep managers informed of important developments around the organisation and we continue to undertake effective activities to keep all staff informed and connected, such as the staff magazine Focus, a weekly newsletter and regular update emails from the Chief Executive; and
- we have relaunched the Recognising Excellence awards, our annual staff recognition event, and continue to recognise staff for going above and beyond through the Going The Extra Mile and employee/team of the month schemes.

We are constantly reviewing the effectiveness of our engagement and communication methods and amend or replace these as appropriate.

Recently, engagement activities have necessarily been diverted to supporting our workforce during the COVID-19 pandemic. We are working hard to support staff during this time of increased challenge. Activities have included procuring a 24/7 confidential support helpline, setting up breakout and support areas, maintaining daily communication with staff and offering in-reach support to affected teams. We will continue to review and adapt these activities to support our staff at this time. We have also made plans to provide ongoing support once the pandemic has ended.

After the pandemic we will continue to build on staff engagement plans to ensure the delivery of positive outcomes for our people, organisational performance and ultimately the quality of care we provide to patients.

The concept of using pulse check surveys to understand levels of staff engagement and identify areas for further work has proven popular with other organisations that are keen to implement them across their own workforce. Go Engage has continued to expand commercially, taking on five new clients and five renewals of contracts in this financial year. A dedicated Go Engage team is now in post, with the Business Development and Marketing Manager approaching new clients within the public sector and there are a number of strong leads to potential new clients. The team have also started delivering employee engagement workshops with an array of public sector delegates (including workshops with NHS Improvement and NHS Employers) with the goal of sharing knowledge and showcasing the Go Engage product. There are several developments ongoing to the Go Engage offer. The largest of these is that the Xopa system, which supports the delivery of pulse check surveys, is being redeveloped to both improve existing functionality and to introduce new functionality. The model is also being adjusted to accommodate new research, such as incorporating the concept of psychological safety, and these developments are expected to be live by mid-2020. The team are also looking to expand the offering of Go Engage by delivering bespoke consultancy.

Steps 4 Wellness

The Steps 4 Wellness offer has continued to grow during 2019/20 with the introduction of the following main schemes:

- **Power Pause:** this was piloted successfully and is now being rolled out to teams throughout the organisation;
- **Power to Recover app:** feedback from the pilot was positive despite the low response rate. Whilst technical and process issues have prevented a slick roll out of the app to those requesting a licence, we will work with the licensing company to resolve these issues and will increase communications around the app to increase uptake;
- **Mental Health First Aid:** we now have 62 trained Mental Health Responders across our organisation with a plan to train more, including in community teams. Feedback from the training has been really positive with responders readily implementing their learning and introducing new wellbeing practices into their local teams;
- **Health and Wellbeing Champions** who cascade wellbeing information to their teams as well as encouraging colleagues to make healthy choices and look after themselves. We currently have 40 Champions in place; and
- **Mini health checks for staff** which began in January 2020 and so far 50 staff have already had their health checks.

Whilst improving wellbeing, the aim of these and other smaller initiatives we undertook throughout the year was also to take Steps 4 Wellness out to the organisation, such as through supporting staff in the Accident and Emergency department and acute medical areas with personal Take 10 sessions. The team is aware of the ongoing difficulties facing front line staff in accessing health and wellbeing initiatives and visiting their areas of work has achieved a good degree of success. We are also in the process of installing Steps 4 Wellness information boards in prominent areas across our sites so that staff can see current wellbeing information and learning and development opportunities at a glance.

Ongoing Steps 4 Wellness work which continues to be successful includes:

- critical Incident Stress Management (CISM) service;
- mindful Living 6-week programme;
- Salary Finance, including low cost loans, debt consolidation and the Advance scheme where employees can request a salary advance of up to 30% of their monthly salary.

New initiatives to be considered for 2020/21 include:

- expansion of CISM service – we plan to pilot defusing techniques with a cohort of staff which enables teams to quickly deal with events whilst they are still 'hot' then triaging to CISM if further support is required;
- launch of Salary Finance's Save scheme, enabling employees to save directly from their salary;
- a focus on sleep health, which targets all four elements of Steps 4 Wellness;
- implementing a mobile phone app to support health including healthy heart age; and
- continued proactive response to Britain's Healthiest Workplace findings with a focus on obesity, physical activity and nutrition.

We will continue to build on our work by actively engaging with staff to focus on what is important to them for their health and wellbeing and what we can all do to support ourselves to be healthy and well.

WWL route planner

We are committed to ensuring that we embed and deliver on the NHS Talent for Care Strategy, developing actions and measures of success that will deliver the improved investment and development of the healthcare support workforce. This includes ensuring that people have opportunities to start their career in health or social care, develop to be the best they can be in their role and have potential for career progression.

As part of our People Promise, the WWL route planner was developed and is currently in the process of being reviewed and updated. The route planner will continue to be used to facilitate a coaching conversation which highlights achievements and challenges during the year. There will be focus on future aspirations and objective setting and it will aim to bring together an individualised development and health and wellbeing plan to support the staff member to achieve outstanding.

As part of our Grow Your Own strategy we have a number of initiatives to assist people who wish to pursue a career in the NHS. These include:

- a pre-degree nursing programme which takes a cohort of students at Wigan and Leigh College through a BTEC in Health and Social Care with a one-day-per-week placement at WWL in the first year and two days per week in the second year;
- pre-apprenticeship programmes including:
  - a public sector traineeship programme for young people aged 16 to 24, providing opportunities to gain qualifications and experiences within the NHS to support them to progress in their career choices;
  - a pre-employment programme designed to get local people back into local jobs, delivered in partnership with the Job Centre and Wigan and Leigh College;
- skills workshops where schools are invited into our organisation for a hands-on experiential workshop. The aim is to raise awareness and showcase NHS roles to young people and these are scheduled every 3 months for 2020;
- later in the year, we are planning a skills workshop in collaboration with our Healthier Wigan Partnership colleagues which will follow the journey of a patient through the health and social care system. We aim to showcase all job roles along this patient journey and also how organisations across Wigan work together to meet the needs of the patient;
- career ambassadors have been identified. This provides a vital resource of passionate WWL staff who visit schools and colleges to share with young people their experiences of working in the NHS. They raise awareness with regard to the variety of roles available and also speak passionately about why they love their jobs. This year more than 42 career ambassadors have supported this initiative;

- our apprenticeship programme has continued, and 52 learners commenced on programme in 2019/20. This number includes a mix of new apprentice recruits and existing members of staff, where an apprenticeship can support learning and growth within their current roles. We have apprentices from level 2 through to level 6 over a range of career pathways including business administration, nursing, pharmacy, estates and facilities, finance and information technology.

Leadership development and coaching continue to be key priorities for us. Our current leadership offer aims to ensure that what we do in the future will enable our leaders and managers to effectively lead the WWL Way 4wards. We offer a leadership and management apprenticeship pathway starting at level 3 for new line managers through to level 6 for senior strategic leaders.

During 2019/20 we have been successful in gaining a silver accreditation Fair Train award. This award recognises the high quality of learning experiences we offer for staff. During 2020 /21 we aim to work towards achieving the gold accreditation.

Leading the WWL Way 4wards

Our new offer forms a leadership development pathway and incorporates 3 key elements:

- **Talent** – a range of leadership and management apprenticeships from Level 3 up to Level 6 graduate degrees open to individuals identified as having high potential in a leadership capacity. To date we have 38 people on programmes;
- **Bite-sized leadership modules** – core elements required by all managers to perform effectively in their roles. We are now offering 8 stand-alone leadership workshops for manager's ranging from project management to people management topics and finance. These bite sized workshops are proving popular with staff, allowing them to gain insight or to refresh on key topics; and
- **CPD Masterclasses** – a suite of internal masterclasses hosted by guest facilitators and opportunities to attend NHS Leadership Academy programmes.

As an accredited centre of the Chartered Management Institute, we will continue to provide in-house coaching and mentoring qualifications. Over 50 coaches have been trained internally to support staff in a variety of ways, including coaching support for new managers, those looking to develop in their career professionally or those who are involved in organisational change. In addition, around 60 managers and staff have undertaken one module of the full certificate programme, enabling them to develop their coaching skills in everyday practice. Development of mentoring skills will be a focus going forward to be able to provide an extra level of support for our workplace apprentices.

All of these initiatives are supported by our learning policy which ensures that access to training and development opportunities are applied consistently and equitably to all employees, including those with protected characteristics.

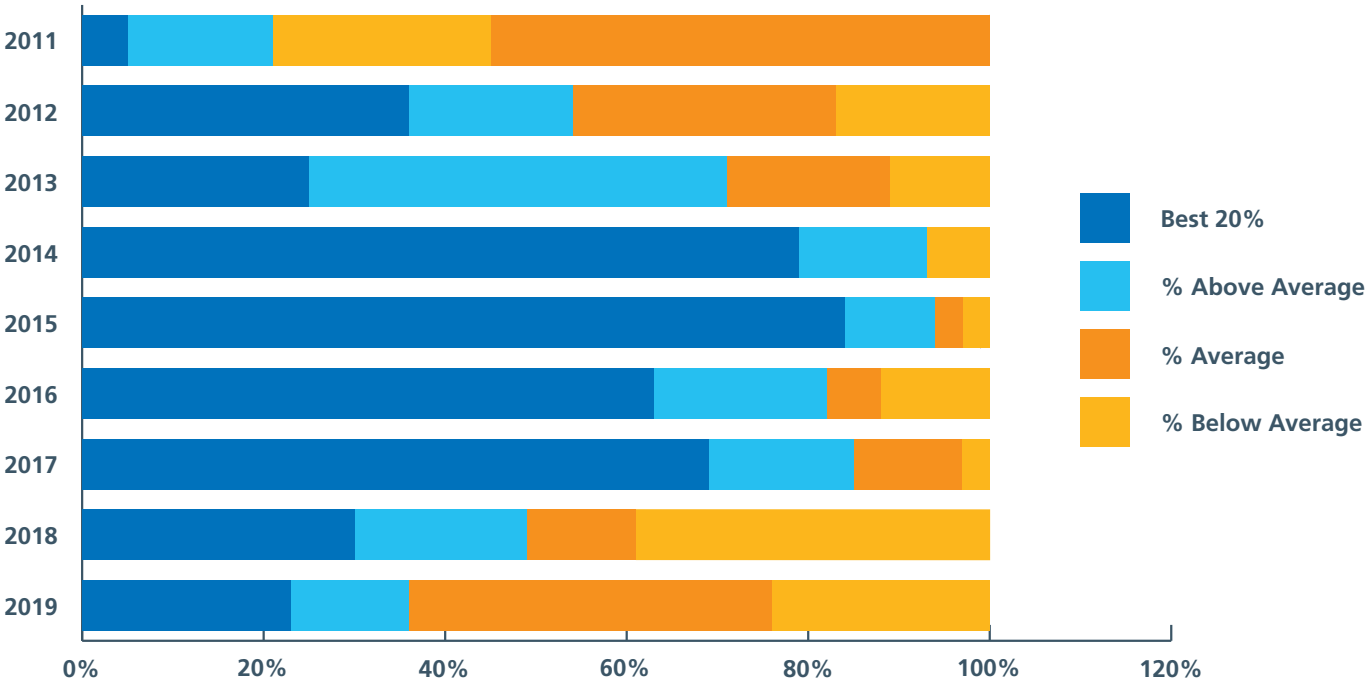
NHS staff survey

The NHS staff survey is conducted annually. Results from questions are grouped to give scores in ten themes. The theme scores are an average of the scores from individual questions which make up that theme, scored on a scale from 0-10 with 10 being best. This year the comparison group changed from acute trusts to combined acute and community trusts, reflecting the inclusion of community services from April 2019.

27% of staff responded to this year's survey, lower than our 2018 response and below average compared with other combined acute and community trusts in England (42%). This is likely to be due at least in part to the distribution of our own staff engagement pulse survey which is issued to staff on a quarterly basis. However, the quarterly pulse survey has been of significant value to us over the past few years. It has enabled us to act quickly on the issues identified and has a more detailed measure of the causes of engagement, ensuring that we are always aware of trends and can act upon the data. Many organisations do not have access to this type of staff feedback and rely solely on the national staff survey. The quarterly pulse surveys and associated actions have been integral to shaping our organisational culture, helping us remain one of the best NHS organisations to work for in the country.

Whilst the 2019 staff survey results are generally moderate to positive and 13% of scores have improved in comparison with the 2018 results, the results remain lower than at our peak in 2015. In 2019, 23% of scores were in the top 20% of scores for acute trusts, 13% were above average, 40% were average and 24% were in the bottom 20%. It is disappointing to note that the number of results in the best 20% has decreased again, although the number of results in the bottom 20% has also decreased.

Yearly Scores on the NHS National Staff Survey



Summary of performance

Scores for each indicator, together with that of the survey benchmarking group are presented below. As noted earlier, the benchmarking group this year was combined acute and community trusts. In previous years the benchmarking group was acute trusts.

	2019/20		2018/19		2017/18	
	WWL	Combined trusts	WWL	Acute trusts	WWL	Acute trusts
Equality, diversity and inclusion	9.2	9.2	9.1	9.1	9.2	9.1
Health and Wellbeing	5.9	6.0	5.8	5.9	6.3	6.0
Immediate Managers	6.9	6.9	6.8	6.7	7.0	6.7
Morale	6.5	6.5	6.2	6.1	No data	No data
Quality of Appraisals	5.0	5.5	4.9	5.4	5.4	5.3
Quality of care	7.8	7.5	7.8	7.4	8.1	7.5
Safe environment – bullying and harassment	8.3	8.2	8.0	7.9	8.2	8.0
Safe environment – violence	9.6	9.5	9.6	9.4	9.6	9.4
Safety culture	6.9	6.8	6.5	6.6	6.8	6.6
Staff engagement	7.3	7.1	7.0	7.0	7.4	7.0

	2019/20		2018/19	Improvement/ deterioration
	WWL	Combined trust average	WWL	
Response Rate	**27%**	**42%**	**34%**	**Deterioration**
Top 5 ranking scores				
(Q16b) In the last month, have you seen any errors, near misses or incidents that could have hurt staff?	16%	26%	25%	Improvement
(Q4e) I am able to meet all the conflicting demands on my time at work	56%	47%	53%	Improvement
(Q2a) I look forward to going to work	67%	60%	59%	Improvement
(Q3c) I am able to do my job to a standard I am personally pleased with	88%	81%	87%	Improvement
(Q4g) There are enough staff at this organisation for me to do my job properly	40%	35%	38%	Improvement
Bottom 5 ranking scores				
(Q19f) At your appraisal, were any training, learning or development needs identified?	52%	70%	51%	Improvement
(Q28b) Has your employer made adequate adjustment(s) to enable you to carry out your work?	56%	74%	59%	Deterioration
(Q20) Have you had any [non-mandatory] training, learning or development in the last 12 months?	60%	71%	61%	Deterioration
(Q19c) Did [the appraisal] help you to agree clear objectives for your work?	27%	35%	25%	Improvement
(Q8a) My immediate manager encourages me at work	65%	71%	69%	Deterioration

The results highlight a mixed picture, with some positives in terms of safety culture and staff engagement and areas for development in terms of quality of appraisals and line management, as well as some issues of equality and diversity. Staff engagement and development provision will continue throughout the coming year and will include:

- redevelopment of the My Route Planner appraisal process;
- development of the support available to line managers and process around line management; and
- development of a work stream regarding promoting equality and diversity within our Trust.

The impact of these initiatives will be monitored via our quarterly Your Voice surveys and it is hoped that corresponding improvements will be seen in next year's national staff survey.

Future priorities and targets

Whilst our results continue to be lower than at our peak, there is still much to celebrate from the 2019 survey. We have commenced communication of these results to our staff, including the preparation and circulation of reports for discussion within divisional management teams. This information will be used in conjunction with Your Voice survey feedback to support the local staff engagement action plans.

Further analysis will also be undertaken to identify hotspots and trends beyond the headlines outlined above.

Our own staff engagement pulse check survey has enabled us to analyse engagement trends throughout 2019 and to identify and act upon emerging issues or concerns. To ensure that we are able to sustain high levels of engagement, it will be important for us to build further on our internal communications and engagement approaches, enhance the health and wellbeing of our staff, and improve our learning and development offers for staff. This will also be fundamental to our recruitment and retention strategy as an organisation.

Mandatory disclosures within the staff report

Workforce gender profile as at 31 March 2020

Directors:

Female	6 (40%)
Male	9 (60%)

Senior managers:

Female	190 (73.35%)
Male	69 (36.65%)

Employees:

Female	4,912 (82.15%)
Male	1,067 (36.65%)

(By headcount, senior managers are band 8a and above)

Sickness absence data

Sickness absence data for NHS organisations is published online and can be found by typing the following address into a web browser:

https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

Consultancy

We did not incur any consultancy fees during the year.

Occupational health

Occupational health services are provided by Wellbeing Partners, a joint venture organisation between Lancashire Teaching Hospitals NHS FT, Bolton NHS FT and us. Performance is monitored on a quarterly basis by each partner organisation and via a governance board.

An occupational health representative attends our Occupational Safety and Health Group and Infection Prevention and Control Group meetings.

Counter-fraud and corruption

We employ our own Fraud Specialist Manager and have a Fraud, Corruption and Bribery Policy in place which has been developed in line with NHS standards. All staff are required to successfully complete a mandatory e-learning anti-fraud module every two years and continual fraud awareness campaigns are undertaken via the intranet, news articles and presentations.

Health and safety

This year, our health and safety team has continued to focus on initiatives to improve the health and safety culture and to support the management of risk across the foundation trust. These initiatives have included the development and review of policies and procedures, working with key stakeholders and staff representatives to mitigate risks from using sharp instruments in healthcare and continuing to deliver regular training sessions for staff.

In addition, the team has carried out a number of support visits which are designed to give managers the knowledge and confidence to tackle health and safety risks at a local level or to report and escalate concerns in an appropriate and timely manner.

With the onset and escalation of COVID-19 towards the end of this financial year, the team supported the transfer to business continuity working arrangements and were instrumental in ensuring a robust system for mask fit testing to protect frontline staff across the organisation.

Time off for trade unions

As a result of logistical challenges arising from the redeployment and refocusing of staff in response to the COVID-19 pandemic, it has not been possible to source reliable data on trade union facility time in advance of the date of signature.

We have therefore agreed with our trade union colleagues that the 2018/19 data, which has been reproduced opposite, remains an accurate reflection of the arrangements during 2019/20.

Relevant union officials

Number of employees who were relevant union officials during the relevant period:

31

Full-time equivalent employee number:

29.89

Percentage of time spent on facility time

0%	5 Employees
1-50%	23 Employees
51-99%	1 Employee
100%	2 Employees

Percentage of pay bill spent on facility time

Total cost of facility time:

£100,214

Total pay bill:

£250,067,000

Percentage of total pay bill spent on facility time:

0.04%

Paid trade union activities

Total paid facility and union time hours

5,565

Employee costs

	Permanent £000	Other £000	2019/20 Total £000	2018/19 Total £000
Salaries and wages	201,020	0	**201,020**	171,828
Apprenticeship levy	898	0	**898**	751
Social security costs	18,579	0	**18,579**	12,904
Employer's contribution to NHS pensions	21,220	0	**21,220**	14,333
NHSE contributions to NHS pensions	9,248	0	**9,248**	0
Agency/contract staff	0	17,344	**17,344**	11,658
Total staff costs	250,965	17,344	**268,309**	211,474
Costs capitalised as part of assets	1,094	945	**2,039**	1,490

Average number of employees (based on whole-time equivalents)

	Permanent (Number)	Other (Number)	2019/20 Total (Number)	2018/19 Total (Number)
Medical and dental	527	36	**563**	555
Administration and estates	1,252	34	**1,286**	1,089
Healthcare assistants and other support staff	635	0	**635**	559
Nursing, midwifery and health visiting staff	2,121	193	**2,314**	1,888
Scientific, therapeutic and technical staff	759	24	**783**	574
Healthcare science staff	4	9	**13**	3
Other	11	0	**11**	10
Total average numbers	5,309	296	**5,605**	4,678
Number of employees (WTE) engaged on capital projects	28	15	**43**	33





Reporting of compensation schemes: exit packages 2019/20

Exit package cost band (including any special payment element)	Total number of exit packages
<£10,000	28
£10,001 to £25,000	4
£25,001 to £50,000	2
£50,001 to £100,000	2
Total number of exit packages by type:	**36**
Total resource cost:	**£294,000**

During 2019/20, the exit packages related to Treasury-approved mutually agreed severance schemes and payments made in lieu of notice.

Reporting of compensation schemes: exit packages 2018/19

Exit package cost band (including any special payment element)	Total number of exit packages
<£10,000	42
£10,001 to £25,000	2
£25,001 to £50,000	0
£50,001 to £100,000	0
Total number of exit packages by type:	**36**
Total resource cost:	**£189,000**

During 2018/19, the exit packages related to Treasury-approved mutually agreed severance schemes and payments made in lieu of notice.

Reporting of high-paid off-payroll arrangements earning more than £245 per day

All off-payroll engagements as at 31 March 2020, for more than £245 per day and that last longer than six months	
Number of existing engagements as at 31 March 2020:	8
Of which:	
Number that have existed for less than one year at time of reporting:	5
Number that have existed for between one and two years at time of reporting:	3
Number that have existed for between two and three years at time of reporting:	0
Number that have existed for between three and four years at time of reporting:	0
Number that have existed for four or more years at time of reporting:	0

All new off-payroll engagements, or those that reached six months in duration in 2019/20, for more than £245 per day and that last for longer than six months	
Number of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020:	8
Of which:	
Number assessed as within the scope of IR35:	8
Number assessed as not within the scope of IR35:	0
Number engaged directly (via PSC contracted to the trust) and on the trust's payroll:	0
Number of engagements reassessed for consistency/assurance purposes during the year:	0
Number of engagements that saw a change to IR35 status following the consistency review:	0

Off-payroll engagements of board members and/or senior officials with significant financial responsibility in 2019/20	
Number of off-payroll engagements of board members and/or senior officials with significant financial responsibility during the year:	0
Number of individuals that have been deemed "board members and/or senior officials with significant financial responsibility" during the financial year. (This figure includes both off-payroll and on-payroll engagements)	0

Silas Nicholls
Chief Executive and Accounting Officer
5 June 2020

DISCLOSURES SET OUT IN THE **NHS FOUNDATION TRUST CODE OF GOVERNANCE**

We have applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012. Whilst the Financial Reporting Council issued a new UK Corporate Governance Code in 2018, the changes which were introduced have not yet been replicated within the NHS Foundation Trust Code of Governance.

The NHS Foundation Trust Code of Governance contains guidance on good corporate governance. NHS Improvement recognises that departure from the specific provisions of the code may be justified in particular circumstances, and reasons for any non-compliance with the code should be explained. This "comply or explain" approach has been in successful operation for many years in the private sector and within the NHS foundation trust sector. There are no provisions within the NHS Foundation Trust Code of Governance that we did not comply with during 2019/20.

The NHS Foundation Trust Code of Governance also sets out a number of disclosure requirements and these are provided in this section.

"The Council of Governors continues to play a key role in the work of the foundation trust, representing the interests of our membership and the general public."

Council of Governors

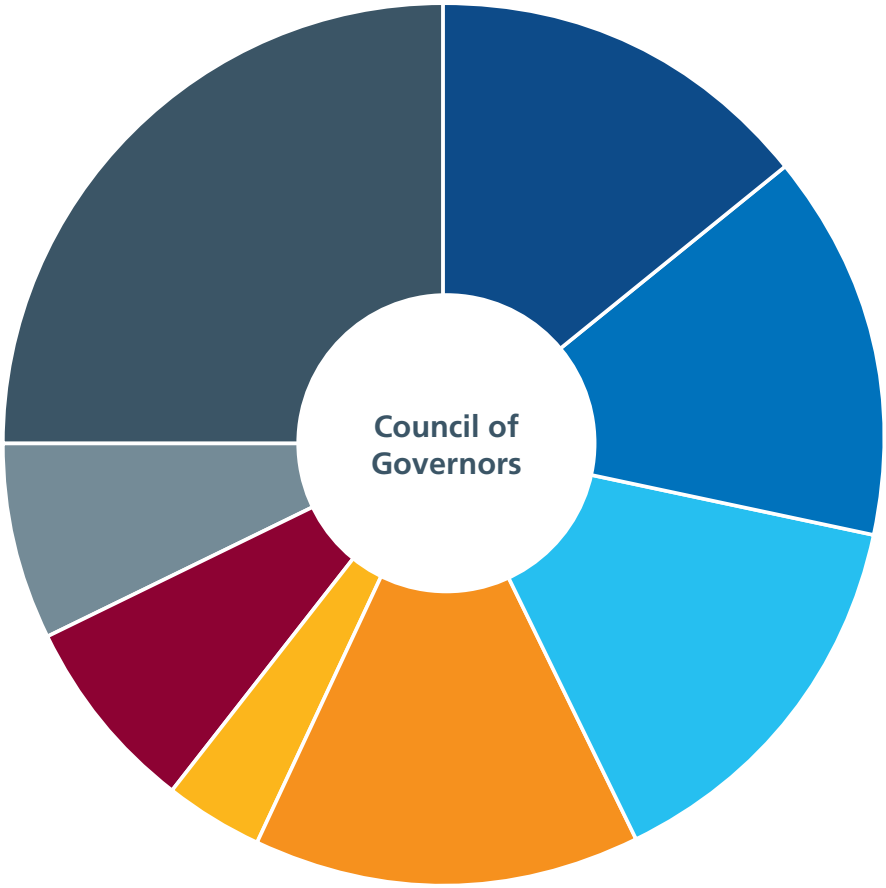
The Council of Governors continues to play a key role in the work of the foundation trust, representing the interests of our membership and the general public.

It has a number of statutory duties, including appointing the chair and the non-executive directors, determining their remuneration and other terms and conditions of service and approving the appointment of the Chief Executive.

The Council of Governors holds the non-executive directors to account, both individually and collectively, for the performance of the board. It also receives the annual report and accounts and contributes to our annual business planning process. Governors canvas the views of foundation trust members and others on our forward plan and these views are communicated to the Board of Directors. This was facilitated by way of a number of public engagement event, where comments on the forward plan, as well as on the content of our next strategy, were welcomed.

The public and staff members of the Council of Governors are elected from and by the foundation trust membership to serve for three years. They may stand for re-election at the end of their term of office.

Our Council of Governors comprises 28 governors:



- **4** public governors from the Wigan constituency
- **4** public governors from the Leigh constituency
- **4** public governors from the Makerfield constituency
- **4** public governors from the Rest of England and Wales constituency
- **1** medical and dental staff governor
- **2** nursing and midwifery staff governors
- **2** staff governors from the 'all other staff'
- **7** appointed governors for across our key stakeholders

The following table provides detail of governors' attendance throughout 2019/20:

Name	Constituency/organisation	Term of office ends (see note 1)	Attendance 2019/20 (see note 2)
Public governors			
Bill Anderton	Public: Wigan	2022	67%
Alan Baybutt	Public: Wigan	2021	67%
Les Chamberlain	Public: Makerfield	2022	67%
Jean Coates-Topping	Public: Makerfield	2021	100%
Howard Gallimore	Public: Makerfield	2020	100%
Pauline Gregory	Public: Wigan	2022	67%
Ken Griffiths	Public: Makerfield	2022	100%
Andrew Haworth	Public: Leigh	2021	100%
Christine Jones	Public: Leigh	2022	0%
Mustapha Koriba	Public: Rest of England and Wales	2022	67%
James Lee	Public: Makerfield	2019	100%
Lisa Lymath	Public: Rest of England and Wales	2022	67%
Renée Mellis	Public: Rest of England and Wales	2021	33%
Maggie Skilling	Public: Wigan	2021	100%
Veronika Stevens	Public: Rest of England and Wales	2021	100%
Linda Sykes	Public: Leigh	2022	100%
Corinne Taylor-Smith	Public: Leigh	2020	0%*
Mavis Welsh	Public: Leigh	2019	0%**
Staff governors			
Imran Alam	Staff: Medical and Dental	2021	67%
Sarah Howard	Staff: Nursing and Midwifery	2021	100%
Jackie Hylton	Staff: Nursing and Midwifery	2021	100%
Hazel Leatherbarrow	Staff: All other staff	2021	100%
Andrew Savage	Staff: All other staff	2020	67%
Appointed governors			
John Cavanagh	Foundation Trust volunteers	2021	100%
Dawne Gurbutt	University of Central Lancashire	2021	67%***
Reg Nash	Age UK	2021	67%
Syed Shah	Local Medical Committee	2020	100%
Fred Walker	Wigan Council	2022	33%

Notes to table overleaf.

Notes to table:

1. The term of office of all governors ends at the conclusion of the annual members' meeting in the year shown.

2. Meetings of the Council of Governors are scheduled in advance and many governors plan their other commitments around meetings. As outlined in last year's annual report, it was necessary to convene extraordinary meetings of the Council of Governors in February and March 2019. For that reason, it was not considered necessary to hold the meeting scheduled to take place in April 2019. There were therefore three formal meetings of the Council of Governors during 2019/20 as opposed to the four planned meetings, and this is the basis on which the attendance figures above are calculated.

* In accordance with the foundation trust's constitution, the Council of Governors considered the attendance of governors who had not attended three consecutive meetings. In the case of Corinne Taylor-Smith, the Council of Governors was satisfied that the absences were unavoidable on medical grounds.

** Mavis Welsh came to the end of her term of office during the year.She sent apologies to the one meeting held before her term of office came to an end and for this reason her attendance is shown as 0%. Her attendance during 2018/19 was 100% and the 0% should not be construed as her regular level of attendance.

*** Dawne Gurbutt attempted to join a meeting remotely due to being unable to attend in person on medical grounds. Unfortunately the technology failed and therefore she was not recorded as present at the meeting.

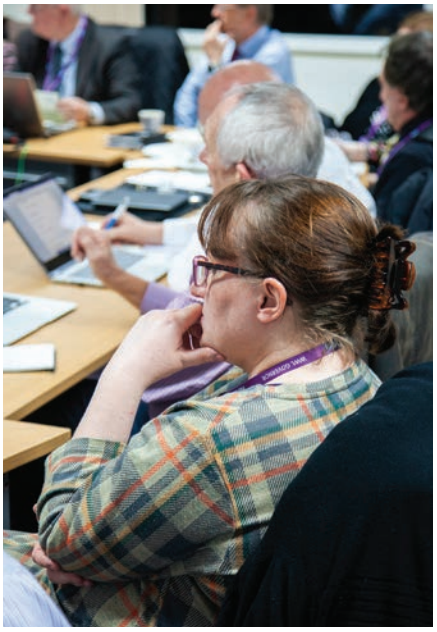
The Council of Governors appoints a lead governor each year. Linda Sykes was initially appointed to this role on 15 October 2018 and was reappointed to the role for a further year on 16 October 2019.

Council of Governors' register of interests

All governors are required to comply with the Code of Conduct for Governors and to declare any interests which may result in a potential conflict of interest in their role as a governor. A copy of the register of governors' interests can be obtained from the Company Secretary, using the contact details on **page 134.**

Nominations and Remuneration Committee

The Nominations and Remuneration Committee makes recommendations to the Council of Governors on the appointment and remuneration of the chair and the other non-executive directors. This year, the committee has led on the recruitment of two non-executive directors on behalf of the Council of Governors as outlined on **page 37.**



Training and development for governors

During 2019/20, we provided our governors with access to a number of training and development opportunities to further support them in their role.

These included:

- externally provided training and development such as the GovernWell programme offered by NHS Providers and regular workshops provided by Mersey Internal Audit Agency;
- regional development opportunities provided through the North West Governors' Forum, coordinated by the North West Company Secretaries Forum; and
- internal workshops and induction sessions

Communicating with governors

There are a number of easy ways for members of the public to communicate with the Council of Governors:

Email: **governors@wwl.nhs.uk**

Tel: **0800 073 1477**

Post: **Council of Governors**
c/o Company Secretary
Trust Headquarters
Royal Albert Edward Infirmary
Wigan Lane
Wigan
WN1 2NN

More information available on pages 37 & 134

The board's relationship with the Council of Governors and members

The board and the council work together closely throughout the year. Non-executive directors are invited to attend all meetings of the council and the aim is for all non-executive directors to attend at least one meeting per year although many do attend more. As required by legislation, the chair of the Board of Directors is also the chair of the Council of Governors.

The following directors have attended a Council of Governors meeting during 2019/20:

- **Robert Armstrong**
- **Clare Austin**
- **Rhona Bradley**
- **Steven Elliot**
- **Mary Fleming**
- **Rob Forster**
- **Andrew Foster**
- **Mick Guymer**
- **Ian Haythornthwaite**
- **Lynne Lobley**
- **Richard Mundon**
- **Silas Nicholls**
- **Helen Richardson**
- **Tony Warne**

Our governors also choose to attend public board meetings where they are able to see the board at work. This allows them to gain a good understanding of the unitary nature of the board and to see at first hand the challenge and scrutiny undertaken by the non-executive directors.

The Council of Governors receives copies of the agendas of all board meetings – both public and private – in advance, and copies of the minutes once approved. Due to the fact that we are currently unable to facilitate public board meetings as a result of social distancing requirements, we have invited a governor representative to join us as an observer at our board meetings, and also at our dedicated Pandemic Assurance Committee, to help the Council of Governors to undertake its role of holding the board to account through the non-executive directors.

A clear dispute resolution procedure details how disagreements between the Council of Governors and the Board of Directors will be resolved.

The types of decisions taken by each body are set out within our constitution and within the core governance documents of the organisation.

Our membership

Our membership is an essential and valuable asset. There are two membership categories: public and staff. Anyone who lives in Wigan, Leigh or Makerfield is eligible to apply for membership of the foundation trust as a public member of the respective constituency. We also welcome applications for membership from individuals who live outside of these areas to the Rest of England and Wales constituency.

Our staff automatically become members of the foundation trust if they have a contract of employment which has either no fixed term, or a fixed term of at least 12 months, or they have been continuously employed by us for at least 12 months, unless they choose to opt out.

"We also welcome applications for membership from individuals who live outside of these areas to the Rest of England and Wales constituency."

Our constitution places a small number of restrictions on membership, and these are as follows:

- it is only possible to be a member of one constituency at any one time;
- a member of staff may only be a member of a staff constituency whilst they are employed by us (they cannot choose to be a member of the public constituency instead);
- individuals must be at least 16 years of age to become a member; and
- the criteria set out in the constitution which prevent an individual from becoming or continuing as a member must not be satisfied

The table below provides a summary of our membership as at 31 March 2020 and comparative figures for the previous year have also been provided:

Constituency	No. members as at 31 Mar 2020	No. members as at 31 Mar 2019	Change
Public: Leigh	1,868	1,861	+7
Public: Makerfield	2,015	2,006	+9
Public: Wigan	2,535	2,554	-19
Public: Rest of England and Wales	2,617	2,618	-1
Staff: Medical and Dental	259	246	+13
Staff: Nursing and Midwifery	1,691	1,289	+402
Staff: All other staff	3,992	3,231	+761
Total members:	**14,977**	**13,805**	**+1,172**

We were delighted to welcome new colleagues to the organisation when community services transferred into the foundation trust on 1 April 2019. The increased number of staff members as a result of this transfer represents 99% of the total increase over the year.

In order to monitor the representativeness of our membership, we have access to a membership profiling tool which is provided by Electoral Reform Services on our behalf. We can confirm that our membership remains broadly representative of the communities we serve.

In September 2019, over 70 people attended our annual members' meeting and heard about how we had performed during the year, had an opportunity to ask questions of the board and the council and received a presentation from Professor Nirmal Kumar, a Consultant ENT Surgeon at WWL and President of ENT UK, on ENT services with a particular focus on sore throats, sneezing and snoring.

At the start of the year, the Council of Governors approved a new Membership Engagement Strategy which places an emphasis on engagement as opposed to recruitment and sets out a number of key performance indicators over the life of the strategy.

The Audit Committee

The role of the Audit Committee is to provide independent assurance to the board on the effectiveness of the governance processes, risk management systems and internal controls on which the board places reliance for achieving its corporate objectives and in meeting its fiduciary responsibilities. It is authorised by the board to investigate any activity within its terms of reference and to seek any information it requires from staff.

The committee considers both the internal and external audit work plans and receives regular updates from both sets of auditors. The committee also receives an anti-fraud update at each of its meetings. The local anti-fraud function is very important in identifying and preventing fraud and operational risks to the organisation. We have a zero-tolerance policy in respect of fraud, corruption and bribery and investigations are carried out if evidence supports this. We have a mandatory training e-learning anti-fraud module which has been rolled out across the foundation trust and all staff are required to complete this on a bi-annual basis. Our Fraud Specialist Manager works with staff and management in identifying areas of potential fraud risk and coordinates this work with external partners.

In addition to these areas which are routinely considered throughout the year, the other significant areas that the committee has considered in relation to the financial statements, wider operations and organisational compliance were:

- actions taken following an internal audit resulting from overpayments of salary and difficulties recouping these from staff who had returned home overseas. The issue had been identified internally and the audit was requested by the executive team. As a result, new processes have been introduced and a follow-up audit will be undertaken to assess these new arrangements;
- job planning for consultants. The Medical Director had kept the committee informed of progress in improving the level of compliance during the year and this issue is being kept under review to ensure all consultants have formal job plans in the near future; and

- **the effectiveness of the control framework surrounding a critical IT system which has a number of legacy interfaces. Immediate mitigating actions were identified and an assurance report around IT infrastructure was commissioned by the committee.**

Deloitte LLP has continued to serve as our external auditors for the financial year 2019/20, with the tender for the service having been undertaken during 2016/17. No non-audit services were provided by Deloitte during 2019/20

A key aspect of the Audit Committee's work is to consider significant issues in relation to financial statements and compliance.

As part of the preparation for the audit of financial statements, Deloitte undertook a risk assessment and identified a number of risks, including:

- management override of control;
- revenue recognition in relation to transferred community services; and
- property valuation

These are the usual audit risks prescribed by professional auditing standards and do not imply any particular control risks within the foundation trust.

Mersey Internal Audit Agency (MIAA) carries out our internal audit function. The Audit Committee and the Acting Chief Finance Officer work with MIAA to agree the internal audit plan and key performance indicators for assessing their performance and effectiveness. MIAA provides us with benchmarking data, updates on assurance frameworks and briefing notes on a range of current issues. In particular, MIAA provide good briefing sessions for chairs of audit committees, governors and staff.

Audit Committee membership and attendance during 2019/20 was as follows:

Name	A	B	%
Clare Austin	2	2	**100%**
Rhona Bradley	1	1	**100%**
Steven Elliot	3	5	**60%**
Mick Guymer	4	4	**100%**
Ian Haythornthwaite (Chair)	5	5	**100%**
Lynne Lobley	4	4	**100%**

A: Number of meetings attended
B: Total number of meetings the director could have attended





The Remuneration Committee

The Board of Directors has established a Remuneration Committee. Its responsibilities include consideration of matters relating to the remuneration and terms and conditions of office of the executive directors. The committee comprises all non-executive directors and is chaired by Robert Armstrong. Attendance information is provided on **page 37.**

The Chief Executive attends the committee in relation to discussions around board composition, succession planning, remuneration and performance of executive directors. The Chief Executive is not present during discussions relating to his own performance, remuneration or terms of service.

The Nominations and Remuneration Committee

The Council of Governors has established a Nominations and Remuneration Committee. Its responsibilities include consideration of matters relating to the appointment, remuneration and other terms and conditions of service of the non-executive directors and providing recommendations to the Council of Governors for consideration. Membership and attendance information is provided on **page 37.**

More information available on pages 37

NHS ENGLAND AND NHS IMPROVEMENT'S **SINGLE OVERSIGHT FRAMEWORK**

NHS England and NHS Improvement's Single Oversight Framework provides the framework for overseeing providers and identifying potential support needs.

The framework looks at five themes:

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

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

Segmentation

WWL is currently placed in segment 2 of NHSI's Single Oversight Framework (providers offered targeted support; potential support needed in one or more of the five themes but not in breach of licence and/or formal action is not needed) as notified by NHS Improvement. This segmentation information represents the position as at 31 March 2020. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

Finance and use of resources

The finance and use of resources theme is based on the scoring of five measures from 1 to 4, where 1 reflects the strongest performance. These scores are then weighted to give an overall score. Given that finance and use of resources is only one of the five themes feeding into the NHS Oversight Framework, the segmentation of the foundation trust disclosed above might not be the same as the overall finance score here.

Area	Metric	2019/20				2018/19			
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial stability	Capital service capacity	4	4	4	2	1	4	4	4
	Liquidity	1	1	1	1	1	2	2	2
Financial efficiency	I&E margin	4	4	4	2	1	3	4	4
Financial controls	Distance from financial plan	1	1	1	1	1	1	1	1
	Agency spend	1	4	4	4	3	3	3	3
	Overall scoring:	**3**	**3**	**3**	**3**	**1**	**3**	**3**	**3**

Metrics

Capital service capacity:
Degree to which our generated income covers our financial obligations. This metric looks at how much financial headroom we have over interest or other capital charges.

Liquidity:
Days of operating costs held in cash or cash-equivalent form. This metric assesses short term financial position, i.e. our ability to pay staff and suppliers in the immediate term.

I & E margin:
Assesses operating efficiency independent of capital structure or other factors. This metric compares earnings before interest tax and depreciation/ amortisation against income.

Distance from financial plan:
Tracks our actual position against the plan we submitted to NHS Improvement at the start of the year.

Agency spend:
Tracks our spend against our agency cap for the year.

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTING OFFICER **OF WRIGHTINGTON, WIGAN AND LEIGH NHS FOUNDATION TRUST**

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

NHS Improvement, in exercise of the powers conferred on Monitor by the National Health Service Act 2006, has given Accounts Directions which require Wrightington, Wigan and Leigh NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Wrightington, Wigan and Leigh NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

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

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

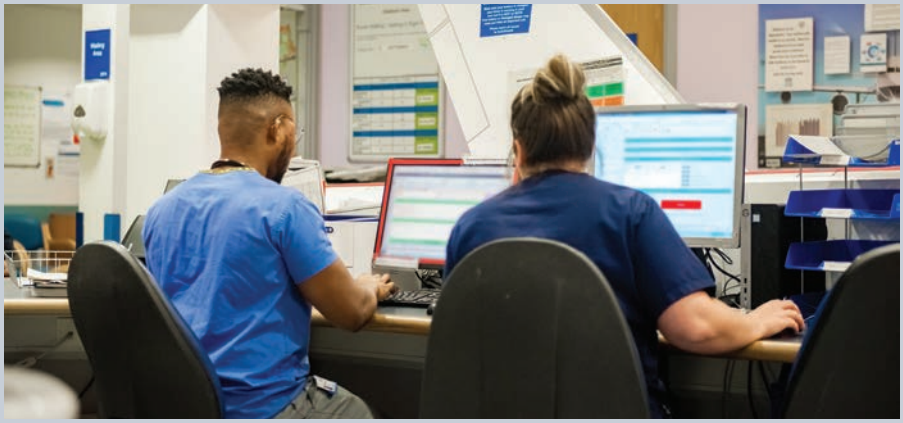
The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable them to ensure that the accounts comply with requirements outlined in the above-mentioned Act. The Accounting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

As far as I am aware, there is no relevant audit information of which the foundation trust's auditors are unaware and I have taken all 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 the NHS Foundation Trust Accounting Officer Memorandum.

Silas Nicholls
Chief Executive and Accounting Officer
5 June 2020

ANNUAL GOVERNANCE **STATEMENT**



"As part of the on-boarding process, all new members of staff are required to attend a mandatory induction and undertake e-learning training covering key elements of risk management within two months of their appointment."

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Wrightington, Wigan and Leigh NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Wrightington, Wigan and Leigh NHS Foundation Trust for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

As Accounting Officer, I have overall accountability and responsibility for leading risk management arrangements on behalf of the board.

Leadership arrangements for risk management are documented in the risk management strategy and further supported by the board assurance framework and individual job descriptions. The strategy outlines our approach to risk and the accountability arrangements, including the responsibilities of the board and its committees, executive directors and all employees.

Active leadership from managers at all levels to ensure effective risk management is a fundamental part of an integrated approach to quality, corporate and clinical governance, performance management and assurance. Our Risk and Environmental Management Group (REMG) is chaired by the Director of Strategy and Planning and reviews all risks scoring 15 and above (more information on the scoring methodology used is provided below). The board and its committees receive and scrutinise the risks to achieving our corporate objectives through the board assurance framework. Despite the operational pressures currently facing the organisation and the wider NHS, we have taken the conscious decision to continue to hold monthly

REMG meetings and other risk-related activities to ensure a continued and dedicated focus on the risks facing the organisation.

We had originally planned to introduce an Executive Risk Oversight Group into the organisation with effect from 1 April 2020 to review risks and to provide scrutiny and challenge to both the scoring and the management of the risk. The introduction of this group has been delayed as a result of the current challenges in dealing with the COVID-19 pandemic, however we will introduce the group as soon as practically possible when we return to business-as-usual operations. The Executive Risk Oversight Group will be time-limited, most probably for a 12-18 month period, in order to ensure a renewed focus on the management of risk within the organisation and the embedding of new risk management processes.

As part of the on-boarding process, all new members of staff are required to attend a mandatory induction and undertake e-learning training covering key elements of risk management within two months of their appointment. This is also supplemented by local induction. The training is designed to provide an awareness and understanding of the risk management strategy, the risk management process and to give practical experience of completing risk assessment paperwork. Additional training is made available to all levels of staff, covering areas such as fire safety, health and safety, moving and handling, resuscitation and first aid.

We aim to learn from good practice and we hold an annual clinical audit conference and regular grand rounds for doctors to discuss specific topics and to highlight best practice. We also look for examples of good practice from across the sector and beyond to inform our risk management practices.

The risk and control framework

We have a well-established governance structure, as described within our risk management strategy which is endorsed by the board. We use the '5 steps to risk assessment' approach to (1) identify the hazards; (2) decide who may be harmed and how; (3) evaluate the risk and agree necessary precautions; (4) record and communicate findings; and (5) review and revise. There are specific risk assessment requirements for particular types of risks. We use a 5 x 5 risk matrix, where both the consequence and the likelihood of a risk materialising are allocated a score and multiplied to provide an overall risk score. Risks are identified through risk assessment and analysis of data from other intelligence sources such as concerns, incidents and near misses, serious incidents, never events, formal and informal complaints, litigation cases or clinical audits.

At the date of writing, we have begun to introduce a process of categorising risks in relation to how they will be dealt with. This corporate approach, which we will continue to roll out throughout 2020/21, sets out five ways in which risks can be managed:

- a risk can be **treated** by taking mitigating action to reduce it to a tolerable level as identified through a target risk score;
- it may be that, in line with the foundation trust's risk appetite statement approved by the board, a risk can be **tolerated** – either in its initial form or following mitigation to reach the target risk score;
- we may take the decision to **transfer** the risk, such as by taking out an insurance policy or commissioning the services from a third-party supplier;
- where risks are of such significance that there are no other alternatives, we may decide to **terminate** the risk by stopping the associated activities; or
- we may **take the opportunity** associated with the risk for the benefit of the foundation trust.

Divisional risks resulting in a risk score of 15 or more are presented at the management-level Risk and Environmental Management Group for discussion. The committee reviews both the risk and its score. Where the risk score remains at 15 or above, it is transferred onto the corporate risk register. If the risk score reduces below 15, it is transferred onto the relevant divisional risk register and regularly reviewed. If subsequent escalation is required, this follows the same process.

Risks awarded a risk score of 15 and above are managed by the relevant Director of Operations or Head of Service and the actions to address them are scrutinised on a regular basis at the Risk and Environmental Management Group.

Any risks that score between 20 and 25 for a three-month period are escalated to the relevant committee using our corporate risk escalation template. Risk escalations are a standing agenda item for the Risk and Environmental Management Group and for all committees reporting to the board. In exceptional circumstances, an escalated corporate risk could have the potential to affect long term viability of the organisation. During the year, the Risk and Environmental Management Group escalated one risk (relating to a national shortage of syringe drivers) directly to the board for consideration, in recognition of the potential impact on the organisation of the risk materialising.

The board assurance framework outlines risks to the achievement of our corporate objectives. This includes the delivery of developing national and local priorities. Each corporate objective is allocated to a committee of the board or to the board itself for oversight, and the relevant entries on the board assurance framework are reviewed at each meeting. The board reviews the complete board assurance framework at each meeting.

During the year, the board has considered the format of the board assurance framework and considered that it remains relevant, easy to use and allows the board to focus its attention on key areas of risk.

During the year, the board considered the foundation trust's overarching risk appetite statement during dedicated workshop sessions and approved the statement as shown below:

QUALITY, INNOVATION AND OUTCOMES	We have **NO** appetite for risks which materially have a negative impact on patient safety. We have a **LOW** appetite for risks that may compromise the delivery of outcomes without compromising the quality of care. We have a **SIGNIFICANT** appetite for innovation that does not compromise the quality of care.
FINANCIAL AND VALUE FOR MONEY	We have a **MODERATE** appetite for financial risk in respect of meeting our statutory duties. We have a **MODERATE** appetite for risk in supporting investments for return and to minimise the possibility of financial loss by managing associated risks to a tolerable level. We have a **MODERATE** appetite for risk in making investments which may grow the size of the organisation.
COMPLIANCE/ REGULATORY	We have a **MODERATE** appetite for risks which may compromise our compliance with statutory duties or regulatory requirements.
REPUTATION	We have a **MODERATE** appetite for actions and decisions that, whilst taken in the interest of ensuring quality and sustainability of the patient in our care, may affect the reputation of the organisation

The risk appetite statement is accompanied by a matrix which provides detailed examples of how each of the risk appetite levels is applied. This guidance is available across the organisation and is used in wider decision-making.

Risk management during COVID-19

In March 2020 the board reviewed and revised its risk appetite statement in response to the global COVID-19 pandemic.

The board recognised the importance of supporting directors, senior managers and other key decision makers throughout the pandemic by setting out a revised risk appetite statement which it intends to remain in place for as short a time as possible. As a further control measure, the board has committed to reviewing the risk appetite statement at each meeting to assess its continuing relevance.

We care about each and every one of our patients and we will always do our utmost to preserve life, protect our patients from further harm and to promote recovery. The board recognises, however, that all healthcare providers operate within a set of finite resources and that difficult decisions must be taken in times of significant challenge to determine the most appropriate allocation of those resources. Such decisions will always be made on a clinical basis, weighing up factors such as potential benefits against the clinical risk and considering the likelihood of success.

Where decisions taken during the COVID-19 pandemic are taken that would not normally be taken under normal circumstances and these negatively impact on patients, the board is committed to ensuring that the foundation trust does its utmost to limit the negative impact to the smallest number possible. Regrettably, the board acknowledges that it is impossible to say that decisions it may need to take under such circumstances will never have a negative impact on patient safety and the foundation trust will operate along the well-established principle of triage in seeking to do the greatest good for the greatest number.

"We care about each and every one of our patients and we will always do our utmost to preserve life, protect our patients from further harm and to promote recovery."

The board has determined the organisational risk appetite during the COVID-19 pandemic as follows:

QUALITY, INNOVATION AND OUTCOMES	We have a **LOW** appetite for risks which materially have a negative impact on patient safety. We have a **MODERATE** appetite for risks that may compromise the delivery of outcomes without compromising the quality of care. We have a **SIGNIFICANT** appetite for innovation that does not compromise the quality of care.
FINANCIAL AND VALUE FOR MONEY	We have a **SIGNIFICANT** appetite for financial risk in respect of meeting our statutory duties. We have a **HIGH** appetite for risk in supporting investments for return and to minimise the possibility of financial loss by managing associated risks to a tolerable level. We have a **MODERATE** appetite for risk in making investments which may grow the size of the organisation.
COMPLIANCE/ REGULATORY	We have a **HIGH** appetite for risks which may compromise our compliance with statutory duties or regulatory requirements.
REPUTATION	We have a **HIGH** appetite for actions and decisions that, whilst taken in the interest of ensuring quality and sustainability of the patient in our care, may affect the reputation of the organisation.

The last formal review of our corporate governance arrangements was undertaken by Deloitte LLP in 2017/18 and no major areas of concern were identified. We developed an action plan as a result of this review and have continued to monitor progress against this during the year. At the date of writing we plan to commission another detailed review of our corporate governance arrangements using the NHS well-led framework during FY2020/21 however we will keep this under review as the situation with COVID-19 continues to unfold.

The independent review by Deloitte in 2017/18 concluded that we have an appropriate combination of structures and processes in place at and below board level to enable the board to be assured of the quality of care we provide. Maintaining an effective quality governance system supports our compliance against national standards and we are committed to the continuous improvement of our systems. As a result, we have undertaken a review of our board and committee reporting arrangements this year and implemented a number of changes in order to improve efficiency.

The key quality governance committee is the Quality and Safety Committee which is chaired by a non-executive director. This committee seeks assurance that high standards of care are provided and ensures that there are adequate and appropriate governance structures, processes and controls in place across the organisation.

Groups which report into the Quality and Safety Committee include dedicated groups around safeguarding, medicines management, infection control and health and safety. The committee reviews the minutes of divisional quality

executive committees as part of a rolling programme of deep dives.

Our quality strategy for the period 2017/21 was approved in April 2017. A number of quality goals are identified as part of our overarching strategy to be safe, effective and caring. These goals were agreed in consultation with internal and external stakeholders and published in our quality report. We have undertaken a review of our quality strategy and we look forward to reporting on this further in next year's annual report.

An important element of achieving high quality care is ensuring that our workforce has the capacity and capability to deliver improvement. We have a well-established quality faculty and staff from all parts of the organisation have voluntarily signed up to be quality champions. These staff members have attended either our in-house quality improvement methods training programme or training provided by partner organisations such as AQuA or NHS QUEST. The overarching aim of the quality faculty is to involve and encourage staff to participate in improving services for patients. Staff are recognised for the improvements achieved through the awarding of bronze, silver and gold badges. There are a number of projects underway by quality champions who provide the driving force and resource to energise our quality plans and ensure that principles are embedded at ward and team level.

The quality of performance information is assessed at divisional and corporate levels through the quality executive committee structures and divisional quarterly performance reviews. Information data quality is reviewed by the Data Quality Group.

We were inspected by the Care Quality Commission in October and November 2019 and the report of this inspection was published in February 2020. The inspection comprised two elements – the first being an unannounced inspection of three core services and the second being the annual well-led inspection.

The core services that were inspected were:

- surgery;
- critical care; and
- maternity

We are proud that our overall provider level was found to be Good with all sites being rated as either Good or Outstanding. We continue to maintain regular contact with our lead inspector and quarterly engagement meetings are held, where emerging issues can be discussed and addressed at an early stage.

The Quality and Safety Committee receives an assurance report against all Care Quality Commission fundamental standards on a cyclical basis, and this is reflected on the committee's work-plan.

Wards and departments also complete regular position statements against the Care Quality Commission's key lines of enquiry under the safe, effective, caring, responsive and well-led domains.

Data security

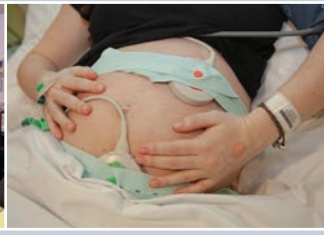
The information governance work programme and performance against the national Data Security and Protection Toolkit and risks associated with data security are closely monitored by the Caldicott Group, which is chaired by the Medical Director as Caldicott Guardian.

The Acting Chief Finance Officer is the nominated director for information risk and is the Senior Information Risk Owner.

As a public authority, we have appointed a Data Protection Officer in accordance with the requirements of the Data Protection Act 2018. This post operates independently and reports directly to the board.







Our major risks

Our major risks are included on the board assurance framework and included the following for 2019/2020:

PATIENTS:	• Challenges with isolating patients with infectious conditions in a timely manner due to a lack of side rooms; • Inability to recruit to required staffing levels, in particular nurse staffing; • Risk of injury/equipment failure/fire caused by failure of ceiling pendants in ICU/HDU as a result of excessive weight; • Failure to identify the root cause and lessons learned from never events reported during 2017-18 and 2018-19; • The upgrade to the Somerset cancer registry interface on PAS which has the potential to delay cancer diagnosis; and • Only one maternity theatre being available for elective and emergency cases
PEOPLE:	• The challenges associated with the ability to recruit and retain to required staffing levels for service delivery and service development plans; • Lack of assurance around medical job plans with the potential to lead to both negative service and financial impacts for the foundation trust; • Breaching the NHS Improvement agency ceiling; • Challenges with staff accessing the intranet system, with an associated impact on their ability to access policies and procedures; • Challenges with meeting the government's apprenticeship targets; and • Sickness absence being above target and not delivering the level of reduction anticipated
PERFORMANCE:	• Risk of failure or vulnerability of back-end infrastructure resulting in reduced or no access to IT systems; • Risk of not delivering the cost improvement programme in full; • The impact of national pensions tax changes on operational performance as a result of staff not wanting to undertake additional activity; • Risk of forecast and recurrent plans for 2018-19 not being achieved; and • Numerous IT-related risks
PARTNERSHIPS:	• Lack of tier 4 beds for child and adult mental health patients; • The transfer of community services from Bridgewater Community Healthcare NHS FT to the foundation trust; and • Non-achievement of key performance indicators relating to cellular pathology.

These risks are likely to remain the same for 2020/21, whilst recognising that the transfer of community services has taken place and therefore the risks surround the embedding of processes and culture. There are also likely to be risks emerging from the COVID-19 pandemic, which cannot as yet be fully defined.

Principal risks to compliance with the NHS foundation trust licence condition

The board has not identified any principal risks to compliance with provider licence condition FT4. This condition covers the effectiveness of governance structures, the responsibilities of directors and committees, the reporting lines and accountabilities between the board, its committees and the executive team.

The board is satisfied with the timeliness and accuracy of information to assess risks to compliance with the foundation trust's licence and the degree of rigour of oversight it has over performance.

Corporate governance statement

The board acknowledges that it is essential that the correct combination of structures and processes is in place at and below board level to enable the board to assure the quality of care that the organisation provides. We are committed to the continuous improvement of these structures and processes.

The review of leadership and governance undertaken in 2017/18 using NHS England and Improvement's well-led framework identified no areas of concern and numerous areas of good practice. We have prepared an action plan to address suggested areas of further improvement, the completion of which will contribute to future years' assurance as to the board's ability to assure itself of the validity of the corporate governance statement we submit to NHS Improvement in accordance with our provider licence condition.

Risk management

Risk management is well embedded in our activities - for example, equality impact assessments are integrated into core business. Control measures are in place to ensure compliance with our obligations under equality, diversity and human rights legislation. We continue to demonstrate compliance with the general and specific duties of the Public Sector Equality Duty on an annual basis through publishing relevant equality information as part of our annual inclusion and diversity monitoring report. We also undertake an assessment of current performance against the criteria stated in the national equality delivery system on an annual basis. We have continued to review and assess performance in collaboration with staff and local stakeholders, using this framework as well as identifying priorities going forward.

Progress against our action plan and equality objectives is monitored by the Inclusion and Diversity Steering Group on a quarterly basis and is overseen by the People Committee. An inclusion and diversity operational group, which reports to the steering group, meets on a quarterly basis and takes a lead role in supporting the delivery of the action plan.

From 1 April 2015, all NHS organisations were required to demonstrate how they are addressing race equality issues in a range of staffing areas through the nine point Workforce Race Equality Standard metric. This standard has been fully embedded within current practice. We are also continuing to work closely with Wigan Borough Clinical Commissioning Group to implement the Accessible Information Standard.

During the year we continued to undertake equality impact assessments on all policies and practices to ensure that any new or existing policies and practices do not disadvantage any group or individual.

Risk management is also embedded into the activity of the organisation through incident reporting. This is openly encouraged throughout the organisation and a 'just culture' is promoted.

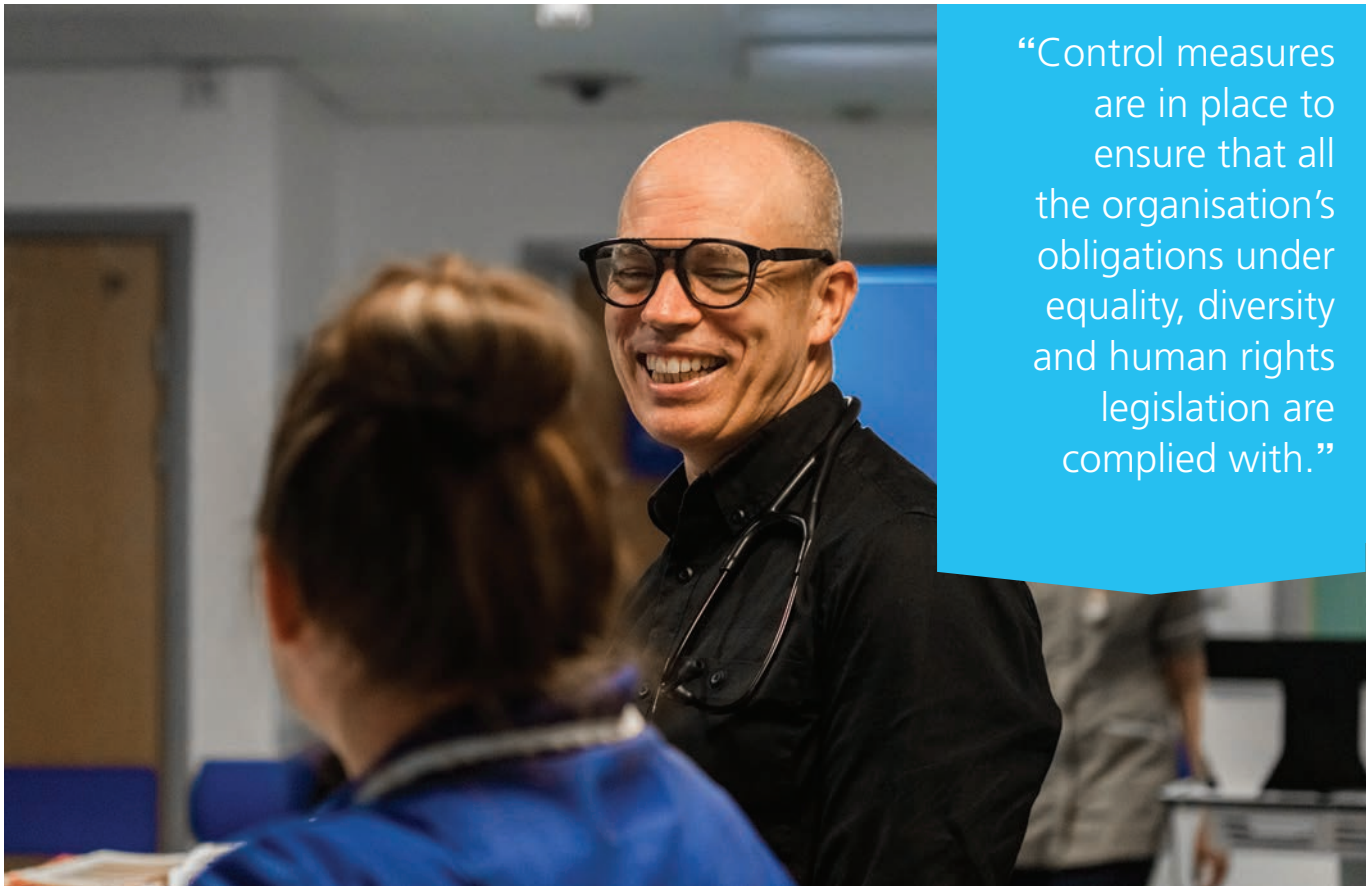
We are in the top 25% of NHS organisations in relation to patient safety incidents reported to the National Reporting and Learning System and we report higher-than-average numbers of near misses. Our approach to incident management is set out in our incident reporting policy. Identification and investigation of serious incidents and never events is undertaken by the Executive Scrutiny Group which is chaired by the Chief Nurse and attended by the Medical Director, Chief Nurse or Deputy Chief Nurse.

Key stakeholders, including patients, our public and staff membership and local partner organisations are engaged on service developments and changes. We are also working across the local health economy including engagement with Wigan Borough Clinical Commissioning Group's Locality Plan on the delivery of integrated care pathways.

We facilitate lay representation on a number of our key committees, including having governors on our Quality and Safety, Finance and Performance and People Committees. Governors also participate in PLACE visits, which is a nationally recognised system for assessing the quality of the patient environment, and they also join with an executive and non-executive director in undertaking leadership and safety walks on a regular basis.

We recognise that risk management is a two-way process between healthcare providers across the health economy. Issues raised through our internal risk management processes that impact on partner organisations are discussed in the appropriate forum so that action can be agreed.

The Board has oversight of the workforce strategies via the People Committee which meets quarterly. The committee seeks assurance on the foundation trust's strategic priorities and any key themes, including safe staffing reports where modelling exercises have been undertaken to assess workforce staffing levels against patient acuity and requirement in comparison with national guidance such as the Royal College of Physicians. The People Committee also approves overarching



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

strategies that fundamentally lead to safe, sustainable and effective staffing, such as our Recruitment and Retention Strategy and Apprenticeship Strategy. The board is sighted on the NHS Long Term Plan, specifically in relation to digital development and has implemented eJob Planning for medical staff. We will also consider expansions to eRostering and eJob Planning for wider workforce groups should capital resource funding be available via any bidding process. This will enable broader reporting on all staffing groups, thus providing additional assurance to the board.

Adhering to the principles of safe staffing, as defined in the national guidance ***Developing Workforce Safeguards***, we use evidence-based tools and data such as the Safer Nursing Care tool, Birthrate Plus, eRostering and model hospital. Alongside this we use professional judgment and patient outcome information such as real-time patient surveys or mortality data to ensure workforce planning is responsive to need and proactive in relation to forward planning. The implementation of the Allocate Safe Care module as part of our electronic roster system has also enhanced and transformed our ability to respond to the requirements of our patients and their daily needs as they change.

The People Committee also oversees our wider talent management, leadership development and training initiatives designed to create resilience and capacity within the workforce. Our Nursing, Midwifery, Therapy and Care Staff Strategy reinforces this work in respect of the nursing, midwifery and therapy workforce and delivery of patient care and also defines our approach to vacancy gaps and turnover.

Nurse staffing is reported to the board at each meeting and overall safe staffing is considered as part of the CQC fundamental standards review which is reported to the Quality and Safety Committee. On a quarterly basis, the People Committee considers staffing from workforce activity reports and any associated long-term risks. The Risk and Environmental Management Group reviews and oversees all corporate risks including those related to staffing.

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

The foundation trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the foundation trust with reference to the guidance) within the past twelve months, as required by the ***Managing Conflicts of Interest in the NHS guidance.***

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

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

We have robust arrangements in place for setting financial objectives and targets.

These arrangements include ensuring the financial plan is achievable, ensuring the delivery of efficiency requirements, compliance with our provider licence and the co-ordination of financial objectives with corporate objectives as approved by the board:

- objectives are approved and monitored through a number of channels, including regular review of the foundation trust's financial position by a dedicated Finance and Performance Committee;
- approval of annual budgets by the board;
- formal acceptance of annual budgets by delegated budget holders;
- monthly reporting to the board, via its committees, on key performance indicators covering quality and safety, finance, and workforce targets;
- scrutiny of divisional performance against objectives at sub-board committees;
- regular divisional performance reviews;
- reporting to NHS Improvement and compliance with our provider licence;
- service transformation managed by a dedicated Transformation Team;
- in-year cost pressures are rigorously reviewed and challenged, and alternatives for avoiding cost pressures are always considered; and
- a robust assessment process for business cases.

We also participate in initiatives to ensure value for money, for example:

- value for money is an important component of the internal and external audit plans that provides assurance to the board regarding processes that are in place to ensure effective use of resources;
- on-going benchmarking and tenders of operations occur throughout the year to ensure the competitiveness of service;
- we use numerous data sources in order to undertake comparative analysis. This analytic either provides assurances or helps identify opportunities for improvement in care provision;
- service line reporting is used by divisional managers to seek to improve financial performance;
- the Carter recommendations are being reviewed and assessed to determine possible further efficiency opportunities;
- CQUINs are negotiated and signed off by clinical, operational and finance directors and operational leads are assigned for each scheme; and
- An on-line intelligence tool allowing individual budget holders to see their in-month and cumulative budget performance.

We have outsourced our transactional financial processing activities to NHS Shared Business Services, for which there is a contract in place which clearly outlines the roles and responsibilities of both organisations. We regularly review key performance indicators and we meet regularly to discuss any issues or concerns.

NHS Shared Business Services has processes and procedures in place which are compliant with central government standards as outlined in the information assurance maturity model and the NHS information governance assurance framework and it provides annual updates on the testing of controls and operations within its shared business facilities in the form of an ISAE3402 report.

For 2019/20 the ISAE3402 report issued to NHS Shared Business Services by PricewaterhouseCoopers was qualified as a direct result of the global COVID-19 pandemic. NHS Shared Business Services has a facility in India which delivers transactional processing support to its financial operations. From 16 to 31 March 2020 it was temporarily closed at the request of the Indian government in response to the increased number of COVID-19 cases in the area. As a result, the auditors were unable to attend the site to complete the testing of controls and the staff usually employed at the site were unable to facilitate the provision of the necessary information by alternative means. A small number of controls

relating to the months of February and March 2020 therefore could not be tested by their auditors and this was the basis for the qualification being applied.

The Finance and Accounting Director of NHS Shared Business Services wrote to its clients on 1 May 2020 to provide additional assurance in relation to the qualification of its ISAE3402 report. In his letter, he confirmed that all controls had remained in place and had been fully operational during February and March 2020, despite the fact that independent testing could not be facilitated. Having considered this written assurance alongside the wider findings of PricewaterhouseCoopers during its audit, we are satisfied that there are no significant risks associated with the continuing use of the outsourced transactional finance processing arrangements through NHS Shared Business Services. We have considered the issues in relation to the 2019/20 financial year and we are satisfied that we have taken such mitigating actions as are required to ensure that the issue will not create a material weakness to our reported financial position.

Information governance

Our information governance team recorded 1,293 information governance incidents between 1 April 2019 and 31 March 2020, and we reported 46 incidents to the Information Commissioner's Office (ICO) during this period. Of these, 38 were closed by the ICO with no further action being taken and 8 incidents remain open with the ICO.

The incidents reported to the ICO related to serious breaches of confidentiality and security where patient information had been shared inappropriately and in contravention of data protection legislation. Examples include a letter containing sensitive information being sent to a former address and copies of medical records inadvertently being shared with the wrong patient.

The most significant information governance incident we faced during the year was initially reported to the ICO in February 2019 and we have liaised extensively with the ICO throughout the year. We became aware of poor practice in a specified area of our organisation which involved staff with legitimate access to our electronic patient record system using this access to view records of patients not under their care. We took immediate steps to address this issue and the board was kept informed throughout the process. We have undertaken an awareness campaign for all of our staff and we have invested in software that will help us to spot such activity in the future. We are planning to work with the ICO during 2020/21 as we have agreed to undertake a mutual audit of our data protection practices to allow us to further improve in this area.

The information governance team works across the organisation to offer guidance and to support the implementation of remedial actions to address any shortfalls in controls where identified, in order to manage risk. All information governance incidents are reported on Datix, our incident management system, which aligns with regulatory requirements.

Data quality and governance

We recognise that all our decisions - whether clinical, managerial or financial - should be based on information which is of the highest quality. We introduced a Data Quality Strategy in April 2014 and our Data Quality Group, chaired by the Chief Operating Officer, was established to monitor data quality standards.

Clinical quality improvements are monitored by both the Clinical Advisory Group and Professional Advisory Group. Escalation arrangements include, where necessary, referral to the Quality and Safety Committee and to the board.

The Clinical Audit and Effectiveness Group monitors an annual corporate clinical audit programme and progress against our Clinical Audit and Effectiveness Strategy. Systems and processes for clinical audit are monitored by the Audit Committee.

Complaints, serious incidents, clinical negligence claims, employee liability claims and inquests are monitored on a weekly basis by the Executive Scrutiny Group. Membership includes the Chief Nurse, Deputy Chief Nurse, Medical Director, Responsible Officer and governance, pharmacy and safeguarding team members.

Investigations and action plans following serious incidents are reviewed and monitored by the Serious Incident Requiring Investigation Panel. Membership includes a representative from Wigan Borough Clinical Commissioning Group and a governor.

A quarterly "safe, effective and caring" report is presented to the Quality and Safety Committee and this is also shared with our commissioners and is received by all directors.

Each division has a quality dashboard that is monitored at Divisional Quality Executive Group meetings. Quality impact assessments are undertaken for all cost improvement proposals which require the authorisation of the Medical Director and the Chief Nurse.

It is the responsibility of all staff to ensure timely and accurate capture of information to ensure high standards of data quality as defined in our Data Quality Policy. Information plays a key role in the management of patient care and provides the source for operational and management reporting across the organisation. Data accuracy is monitored by the Data Quality Group via the annual audit plan where assurance or remedial plans are agreed and monitored.

We use a specific application for monitoring and managing elective waiting lists. The application is visible to all clinical services in order for them to validate their own waiting list information as well as our business intelligence team which monitors performance and compliance at an organisational level.

Review of effectiveness

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

Maintaining and reviewing the effectiveness of the system of internal control has been undertaken with consideration of the following:

- the board assurance framework provides evidence of the process of the effectiveness of controls that manages the principal risks to the organisation
- the Board of Directors, Audit Committee, Quality and Safety Committee, the Risk and Environmental Management Group and the Executive Scrutiny Group advise me on the implications of the results of my review of the effectiveness of the system of internal control. These committees also advise outside agencies in relation to serious events
- all the relevant committees within the corporate governance structure have a timetable of meetings and a reporting structure to enable issues to be escalated
- the board monitors and reviews the board assurance framework on a monthly basis. Responsibility for reviewing risks noted on the board assurance framework was devolved to the Finance and Performance Committee, People Committee, Quality and Safety Committee and Board of Directors
- a Safe, Effective and Caring report is presented to the Quality and Safety Committee, providing assurance to the board on effective risk controls
- the Audit Committee reviews the establishment and maintenance of an effective system of integrated governance, risk management and internal control across the whole of the organisation's activities - both clinical and non-clinical - that supports the achievement of the organisation's objectives
- the Audit Committee reviews performance against the NHS Foundation Trust Code of Governance
- clinical audit processes are a key element of maintaining and reviewing the effectiveness of the system of internal control. We have an annual corporate clinical audit programme and the Audit Committee regularly reviews clinical audit processes by receiving an annual self-assessment against national clinical audit standards and quarterly and annual clinical audit reports
- internal auditors review the board assurance framework and the effectiveness of the system of internal control as part of the internal audit work to assist in the review of effectiveness. Internal auditors reviewed the assurance framework and concluded that whilst the organisation's assurance framework is structured differently to the requirements set out in NHS guidance, it is visibly used by the board and clearly reflects the risks discussed by the board. Feedback from the auditors on the format of the board assurance framework will be considered by the board during the year with a view to further enhancing it whilst ensuring that it remains straightforward and easy to use.
- 3 internal audits undertaken in 2019/20 were given limited assurance: for quality of appraisals for non-medical staff, in relation to one of our IT systems and regarding consultant job planning. Management actions have been put in place to address the issues raised in each of these areas and follow up reviews by the internal auditors have demonstrated good progress against action plans to improve systems and control in

line with agreed time frames. Of the 78 recommendations issued by the internal auditors during the year, all were accepted by management. 9 of the recommendations were described as high-risk recommendations and were addressed immediately, with follow-up on the recommendations taking place.

The Head of Internal Audit Opinion for the period 1 April 2019 to 31 March 2020 provides substantial assurance that there is a good system of internal control designed to meet the organisation's objectives and that controls are generally being applied consistently. The Head of Internal Audit notes that the overall opinion is provided in the context of the level of risk awareness of the foundation trust and the targeted and effective use of internal audit as part of the system of internal control. Internal audit resource has been directed into known risk areas by management and the Audit Committee and whilst this has resulted in a number of moderate and limited assurance reports being provided for individual reviews, this has not adversely impacted on the overall assurance level assigned. The risk-based approach adopted by the foundation trust supports the overall opinion of substantial assurance.

Towards the end of the financial year, we had to implement alternative ways of working at short notice in response to the COVID-19 situation. This saw staff working from home in significant numbers and without conventional access to relevant systems. We very quickly sourced and deployed additional laptops and virtual private network tokens and we prioritised the use of these to ensure that key members of staff with roles associated with the control environment could continue to function effectively. We also ensured a risk-assessed presence on site during the establishment of these arrangements as a fallback. The impact of these changes on the overall system of control was therefore minimal.

Conclusion

My review confirms that Wrightington, Wigan and Leigh NHS Foundation Trust has sound systems of internal control, with no significant control issues having been identified. In reaching this conclusion, the fact that NHS Shared Business Services received a qualified opinion from its auditors has been considered. Taking account of the wider context and additional assurances received, this issue is not considered to be significant at this time, although it will be kept under close review during 2020/21.

Silas Nicholls
Chief Executive and
Accounting Officer
5 June 2020

This accountability report is signed by me in my capacity as Accounting Officer.

Silas Nicholls
Chief Executive and
Accounting Officer
5 June 2020

INDEPENDENT AUDITOR'S REPORT
TO THE COUNCIL OF GOVERNORS AND BOARD OF DIRECTORS OF WRIGHTINGTON, WIGAN AND LEIGH TEACHING HOSPITALS NHS FOUNDATION TRUST

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Wrightington, Wigan and Leigh Teaching Hospitals NHS Foundation Trust (the 'foundation trust'):

- give a true and fair view of the state of the foundation trust's affairs as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of cash flow;
- the statement of changes in taxpayers' equity; and
- the related notes 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts.

2. Basis for opinion

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

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





3. Summary of our audit approach

Key audit matters	**The key audit matters that we identified in the current year were:** • Recognition of revenue in relation to transferred community services; and • Property valuations. **Within this report, key audit matters are identified as follows:**  Newly identified  Increased level of risk  Similar level of risk  Decreased level of risk
Materiality	The materiality that we used for the financial statements was £8m which was determined on the basis of 2% of total operating income.
Scoping	The scope of the audit is in line with the Code of Audit Practice issued by the National Audit Office. Audit work to respond to the risk of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	In the current year, recognition of NHS revenue is no longer considered to be a key audit matter. We have refocused this towards revenue recognised in relation to the new community services contracts which transferred to the trust during the year. We have considered property valuations as key audit matter in the current year due to material uncertainty arising due to COVID-19.

4. Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Recognition of revenue in relation to transferred community services

Key audit matter description	In the prior year our key audit matter was focussed upon NHS revenue however, owing to the significant changes during the year, we have focused the key audit matter towards revenue recognised in relation to the new community services contract which transferred during the year ended 31 March 2020 of £20m (2018/19: nil) as described in note 1.5, Accounting Policies and note 2.2, Income from Patient Care Activities. This is identified as a key audit matter due to the additional complexities of accounting for the local authority revenue in relation to the new community services contracts and the management judgement required in relation to the assessment of the foundation trust's achievement of the performance obligations.
How the scope of our audit responded to the key audit matter	We have obtained an understanding of the relevant controls within the process for the recognition of the local authority revenue in relation to the transferred community services contract. We made enquiries to identify relevant performance criteria and considered the implications for revenue recogition. We have obtained an understanding of the services being provided in relation to the local authority revenue. We obtained confirmation from the local authority that the funding was provided in relation to services delivered in 2019/20.
Key observations	We consider the local authority revenue associated with the transferred community services to be appropriately recognised in the year.

5.2 Property valuations

Key audit matter description	The foundation trust is required to hold property assets within Property, Plant and Equipment at a modern equivalent use valuation of £120m at 31 March 2020 (2018/19: £125m). The valuations are by nature significant estimates which are based on specialist and management assumptions and are influenced by market conditions. As detailed in note 1.4, 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, and therefore being able to attach less weight to previous market evidence and published build cost information for comparison purposes, to inform opinions on value.
How the scope of our audit responded to the key audit matter	We have obtained an understanding of the relevant controls within the property valuation process. We worked with our internal valuation specialists to review and challenge the appropriateness of the assumptions applied by management in the valuations following the impact of COVID-19. We considered the impact of uncertainties relating to the COVID-19 pandemic upon property valuations in evaluating the property valuations and related disclosures including the adequacy of the disclosure in note 1.4 of the material valuation uncertainty.
Key observations	We note the increased estimation uncertainty in relation to the property valuation as a result of COVID-19, and as disclosed in note 1.4, we consider that the property valuations are appropriately stated.

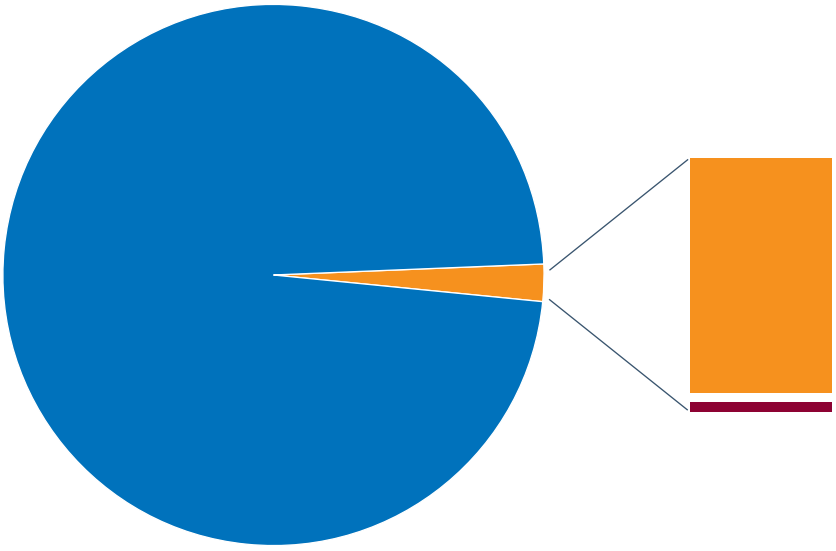
6. Our application of materiality

6.1 Materiality

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

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Foundation trust financial statements	
Materiality	£8m (2018/19: £7m)
Basis for determining materiality	2% of total operating income (2018/19: 2% of total operating income)
Rationale for the benchmark applied	Total Operating income was chosen as a benchmark as the foundation trust is a non-profit organisation, and operating income is a key measure of financial performance for users of the financial statements.



Total operating income
£389.7m

Materiality
£8m

Audit Committe reporting threshold
300k

6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 75% of materiality for the 2019/20 audit (2018/19: 75%). In determining performance materiality, we considered the following factors:

a. Our risk assessment, including our assessment of the foundation trust's overall control environment; and

b. Our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £300k (2018/19: £300k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Identification and scoping of components

Our audit was scoped by obtaining an understanding of the foundation trust and its environment, including internal controls, and assessing the risks of material misstatement. The foundation trust is located in Wigan, audit work to respond to the risk of material misstatement was performed directly by the audit engagement team.

8. Other information

The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

9. Responsibilities of accounting officer

As explained more fully in the accounting officer's responsibilities statement, the accounting officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the accounting officer is responsible for assessing the foundation trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the foundation trust or to cease operations, or has no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities.** This description forms part of our auditor's report.

Report on other legal and regulatory requirements

11. Opinion on other matters prescribed by the National Health Service Act 2006

In our opinion

- the parts of the Remuneration Report and Staff Report to be audited have been properly prepared in accordance with the National Health Service Act 2006; and
- the information given in the Performance Report and the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

12. Matters on which we are required to report by exception

12.1 Annual Governance Statement, use of resources, and compilation of financial statements

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

- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual, is misleading, or is inconsistent with information of which we are aware from our audit;
- the foundation trust has not made proper arrangements for securing economy, efficiency and effectiveness in its use of resources; or
- proper practices have not been observed in the compilation of the financial statements.

We are not required to consider, nor have we considered, whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in respect of these matters.

12.2 Reports in the public interest or to the regulator

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

- any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit; or
- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006 because we have reason to believe that the foundation trust, or a director or officer of the foundation trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency.

We have nothing to report in respect of these matters.

13. Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

14. Use of our report

This report is made solely to the Council of Governors and Board of Directors ("the Boards") of Wrightington, Wigan and Leigh Teaching Hospitals NHS Foundation Trust, as a body, in accordance with paragraph 4 of Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Boards 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 foundation trust and the Boards as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Hewitson FCA
(Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
Newcastle Upon Tyne, United Kingdom
12 June 2020

FINANCIAL **REPORT**

Foreword to the accounts

Wrightington, Wigan and Leigh NHS Foundation Trust

These accounts, for the year ended 31 March 2020, have been prepared by Wrightington, Wigan and Leigh NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 within the National Health Service Act 2006.

Silas Nicholls
Chief Executive and Accounting Officer
5 June 2020

Statement of Comprehensive Income

	Note	2019/20 £000	2018/19 £000
Operating income from patient care activities	2	362,343	290,203
Other operating income	3	35,279	53,423
Total operating income from continuing operations		**397,622**	**343,626**
Operating expenses	4	(393,698)	(307,109)
Operating surplus from continuing operations		**3,924**	**36,517**
Finance costs			
Finance income	7	363	143
Finance expenses	8	(358)	(388)
PDC dividends payable		(3,477)	(3,773)
Net finance costs		(3,472)	(4,018)
Gains/(losses) on disposal of fixed assets	9	(163)	1,285
Gains from transfers by absorption	26	7,913	0
Surplus for the year		**8,202**	**33,784**
Other comprehensive income Will not be reclassified to income and expenditure			
Impairments	11	(13,305)	(6)
Revaluations	12	3,936	9,533
Total comprehensive income/(expense) for the year		**(1,167)**	**43,311**

Statement of Financial Position

	Note	31 March 2020 £000	31 March 2019 £000
Non-current assets			
Intangible assets	10	1,988	2,028
Property, plant and equipment	11	171,675	158,065
Receivables	15	238	250
Total non-current assets		**173,901**	**160,343**
Current assets			
Inventories	14	4,543	4,300
Receivables	15	20,382	36,047
Cash and cash equivalents	16	47,169	32,154
Total current assets		**72,094**	**72,501**
Current liabilities			
Trade and other payables	17	(54,000)	(37,091)
Other liabilities	18	(306)	(1,047)
Borrowings	19	(4,320)	(4,553)
Provisions	21	(541)	(415)
Total current liabilities		(59,167)	(43,106)
Total assets less current liabilities		**186,828**	**189,738**
Non-current liabilities			
Other liabilities	18	(459)	(372)
Borrowings	19	(13,657)	(17,684)
Provisions	21	(2,169)	(2,102)
Total non-current liabilities		**(16,285)**	**(20,158)**
Total assets employed		**170,543**	**169,580**
Financed by			
Public dividend capital		99,466	97,336
Revaluation reserve		20,686	26,108
Income and expenditure reserve		50,391	46,136
Total taxpayers' equity		**170,543**	**169,580**

The primary financial statements on **pages 91 to 94** and the notes on **pages 95 to 132** were approved by the Board of Directors and authorised for issue on 5 June 2020 and signed on its behalf by Silas Nicholls, Chief Executive.

Silas Nicholls
Chief Executive and Accounting Officer
5 June 2020

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

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' equity at 1 April 2019	**97,336**	**26,108**	**46,136**	**169,580**
Surplus for the year	0	0	8,202	8,202
Transfers by absorption : transfers between reserves	0	4,106	(4,106)	0
Other transfers between reserves	0	(159)	159	0
Impairments	0	(13,305)	0	(13,305)
Revaluations	0	3,936	0	3,936
Public dividend capital received	2,130	0	0	2,130
Taxpayers' equity at 31 March 2020	**99,466**	**20,686**	**50,391**	**170,543**

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' equity at 1 April 2018	**97,119**	**17,107**	**11,826**	**126,052**
Surplus for the year	0	0	33,784	33,784
Other transfers between reserves	0	(526)	526	0
Impairments	0	(6)	0	(6)
Revaluations	0	9,533	0	9,533
Public dividend capital received	217	0	0	217
Taxpayers' equity at 31 March 2019	**97,336**	**26,108**	**46,136**	**169,580**

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 and Social Care as the public 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 credited back to expenditure. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

Income and expenditure reserve

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

Statement of Cash Flows

	Note	2019/20 £000	2018/19 £000
Cash flows from operating activities			
Operating surplus		3,924	36,517
Non-cash income and expense			
Depreciation and amortisation	4	8,368	6,384
Net impairments and (reversals) of impairments	4	2,865	(5,794)
Income recognised in respect of capital donations (non cash)	3	(213)	(306)
Decrease/(Increase) in receivables and other assets		15,852	(7,829)
(Increase) in inventories		(243)	(101)
Increase in payables and other liabilities		10,356	5,702
Decrease in provisions		182	20
Net cash generated from operating activities		**41,091**	**34,593**
Cash flows used in investing activities			
Interest received		363	134
Purchase of intangible assets		(356)	(146)
Purchase of property, plant, equipment and investment property		(19,888)	(8,674)
Sales of property, plant, equipment and investment property		55	1,607
Net cash used in financing activities		**(19,826)**	**(7,079)**
Cash flows used in financing activities			
Public dividend capital received		2,130	217
Loans received		201	205
Loans paid		(4,451)	(4,487)
Other interest paid		(357)	(393)
PDC dividend paid		(3,773)	(3,500)
Net cash used in financing activities		**(6,250)**	**(7,958)**
Increase in cash and cash equivalents		**15,015**	**19,556**
Cash and cash equivalents at 1 April 2019		**32,154**	**12,598**
Cash and cash equivalents at 31 March 2020	16	**47,169**	**32,154**

1. Accounting policies

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

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property.

The financial statements and associated notes have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations as endorsed by the European Union, and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements are presented in pounds sterling, rounded to the nearest thousand.

1.2 Going concern

For many organisations Covid-19 is a material uncertainty that will cast significant doubt on their ability to continue as a going concern.

For NHS bodies, this is not the case. As the Chancellor's statement in the Budget 2020 confirmed that 'whatever resources our NHS needs to cope with the coronavirus – it will get ' means that for the period of the crisis there is more certainty about funding than before.

For the period of the crisis NHS England and NHS Improvement have put in a place a number of financial arrangements to support provider organisations which will ensure that any costs incurred by the Trust during this period are covered through a guaranteed level of income which reflect the current cost base.

Taking the above into account, the directors believe that it is appropriate to prepare the accounts on a going concern basis.

1.3 Joint operations accounting

Joint operations are arrangements in which the Trust has joint control with one or more other parties and has the rights to assets, and obligations for liabilities, relating to the arrangement. The Trust includes within its financial statements its share of the assets, liabilities, income and expenses.

1.4 Accounting judgements and key sources of estimation uncertainty

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors considered of relevance. Actual results may differ from those estimates, and underlying assumptions are continually reviewed. Revisions to estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The following are the areas of critical judgements that management have made in the process of applying the entity's accounting policies.

Segmental reporting

In line with IFRS 8 Operating Segments, the Board of Directors, as chief decision maker, has assessed that the Trust continues to report its annual accounts on the basis that it operates in the healthcare segment only. The accompanying financial statements have consequently been prepared under one single operating segment.

Asset valuation and lives

The value and remaining useful lives of land and building assets are estimated by Cushman and Wakefield. Valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. Valuations are carried out primarily on the basis of depreciated replacement cost for specialised operational property and existing use value for non-specialised operational property.

The Trust has valued its estate using the modern equivalent asset - alternative site methodology on the grounds that this is deemed to be a more suitable valuation methodology.

A full asset valuation was undertaken during 2019/20 with a revaluation date of 31 January 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards, the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by the Novel Coronavirus (COVID-19).

The outbreak of COVID-19 declared by the World Health Organisation as a 'Global Pandemic' has impacted global financial markets. Travel restrictions have been implemented by many countries and market activity is being impacted in many sectors. Cushman and Wakefield have advised that they can attach less weight to previous market evidence and published build cost information for comparison purposes to inform opinions of value. Consequently, less certainty, and a higher degree of caution is attached to the valuation. The material valuation uncertainty does not mean that the valuation cannot be relied upon, but does mean that less certainty can be attached to the valuation than would otherwise be the case.

The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

"A 1% change in the valuation would have £1.2m impact on the statement of financial position with a £21k impact on the PDC dividend due to be paid next year and accrued in these financial statements.

Of the £122m net book value of land and buildings subject to valuation, £120m relates to specialised assets valued on a depreciated replacement cost basis. Here the valuer bases their assessment on the cost to the Trust of replacing the service potential of the assets. The uncertainty explained above relates to the estimated cost of replacing the service potential, rather than the extent of the service potential to be replaced."

Software licences are depreciated over the shorter of the term of the licence and the useful economic life.

The total value of intangible and tangible fixed assets as at 31 March 2020 is £174m.

Interests in other entities and joint arrangements

Reporting bodies are required to assess whether they have interests in subsidiaries, associates, joint ventures or joint operations, prior to accounting for and disclosing these arrangements according to the relevant accounting standards. This assessment involves making judgements and assumptions about the nature of collaborative working arrangements, including whether or not the Trust has control over those arrangements per IFRS 10 Consolidated Financial Statements.

The Trust has assessed its existing contracts and collaborative arrangements for 2019/20, and has determined that the arrangements which would fall within the scope of IFRS 10, IFRS 11 Joint Arrangements or IFRS 12 Disclosure of Interests in Other Entities, are the Trust's subsidiary charity, the Trust's investment into the Community Health Investment Plan (CHIP) and three joint operations (Note 13).

Consolidation

Wrightington, Wigan and Leigh NHS Foundation Trust is the corporate trustee to Wrightington, Wigan and Leigh Health Services Charity (also known as Three Wishes). The Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund.

Where the fund balances held by the Charity are deemed to be of a significant value to require consolidation, then those balances will be consolidated into the Trust Accounts.

There is no consolidation for 2019/20.

Estimation uncertainty

There are no other sources of estimation uncertainty that are currently judged to cause a significant risk of material adjustment to the carrying amount of assets and liabilities within the next financial year.

1.5 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.

A receivable is recognised when the services are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue from NHS contracts

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

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

A schedule of payments is agreed at the start of the contract year based on expectations of the Trust satisfying the CQUIN indicators. Income is recognised as the obligations within the contract are fulfilled.

The Trust does not disclose information regarding the performance obligations part of a contract that has an original expected duration of one year or less.

The GAM does not require the Trust to disclose information where revenue is recognised in line with the practical expedient offered in paragraph B16 of the Standard where the right to consideration corresponds directly with value of the performance completed to date.

The GAM has mandated the exercise of the practical expedient offered in C7A of the Standard that requires the Trust to reflect the aggregate effect of all contracts modified before the date of initial application.

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 funds (PSF) and Financial recovery fund (FRF)

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

1.6 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 grant is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same ways 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) held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Income from sale of non-current assets

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

1.7 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments, including payments arising from the apprenticeship levy are recognised in the period in which the service is received from employees including non-consolidated performance pay earned but not yet paid. The cost of leave 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

Past and present employees are covered by the provisions of 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 schemes 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. The schemes are not designed 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. The contributions are charged to operating expenses as they become due.

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 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.

National Employment Savings Trust (NEST)

NEST is a defined contribution pension scheme that was created as part of the government's workplace pensions reforms under the Pensions Act 2008. NEST Corporation is the Trustee body that has overall responsibility for running NEST. It is a non-departmental public body (NDPB) operating at arm's length from government, and it reports to Parliament through the Secretary of State for Work and Pensions.

This alternative scheme is a defined contribution scheme, provided under the Trust's 'automatic enrolment' duties for a small number of employees who are excluded from actively contributing to the NHS pension scheme. Under a defined contribution plan, an entity pays fixed contributions to a separate entity (a fund) and has no obligation to pay further contributions if the fund does not hold sufficient assets to pay employee benefits.

The Trust is legally required to make a minimum contribution for opted-in employees who earn more than the qualifying earnings threshold, and the cost to the Trust of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period. That is, employer's pension costs of contributions are charged to operating expenditure as and when they become due.

1.8 Expenditure on other goods and services

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

1.9 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to the Trust;

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

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

Measurement

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.

Thereafter revaluations of property and land are carried out as mandated by a qualified valuer who is a member of the Royal Institute of Chartered Surveyors and in accordance with the appropriate sections of the Practice Statement ("PS") and United Kingdom Practice Statements contained within the RICS Valuation Standards. The valuations are carried out as follows:

- Interim every 3 years
- Full valuation every 5 years

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

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost, modern equivalent asset alternative site 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 location requirements of the services being provided. Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements.

The carrying value of other existing assets will be written off over their remaining useful lives, and are carried at depreciated historic cost as this is not considered to be materially different from fair value.

An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued at fair value under IFRS13 Fair Value Measurement, if it does not meet the requirements of IAS40 Investment Property or IFRS5 Non-current assets held for sale.

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 will flow to the enterprise and the cost of the item can be determined reliably.

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

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated. The estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis.

Property, plant and equipment which has been reclassified as 'Held for Sale' ceases to be depreciated at the point it becomes classified as Held for Sale. Assets in the course of construction are not depreciated until the assets are brought into use. Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as assessed by a qualified valuer recognised in accordance with RICS.

Property, plant and equipment is depreciated over the following useful lives:

Buildings excluding dwellings	9 to 70 years
Dwellings	14 to 47 years
Plant and Machinery	10 to 20 years
Vehicles	10 to 13 years
Furniture and fittings	15 years
Medical and other equipment	15 years
Information technology	8 years
Software – internally developed	8 to 10 years

Revaluation gains and losses

At each reporting period end, the Trust checks whether there is any indication that any of its property plant and equipment or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

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 expenditure, in which case they are recognised in operating income.

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

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 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:

- the impairment charged to operating expenses; and
- the balance in the revaluation reserve attributable to that asset before impairment.

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

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

Assets under construction

Assets under construction are measured at cost of construction less any impairment loss, as at 31 March. Assets are reclassified to the appropriate category when they are brought into use.

De-recognition

Assets intended for disposal are reclassified as 'held for sale' where the sale is 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 economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

1.10 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; and where the cost is at least £5,000.

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

Measurement

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

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated historical cost and the value in use where the asset is income generating.

Revaluation gains and losses and impairments are treated in the same manner as for property, plant and equipment.

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

An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS13 Fair Value Measurement, if it does not meet the requirements of IAS40 Investment Property or IFRS5 Non-current assets held for sale.

Internally generated intangible assets

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

Expenditure on research is not capitalised.

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

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

Amortisation

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

Intangible assets are amortised over the following useful lives:

	Current	Prior
Development expenditure	8 years	8 years
Software	8 years	8 years

1.11 Inventories

Inventories are valued at the lower of cost and net realisable value. All inventories are measured using the First In, First Out (FIFO) method other than drugs which are measured using the weighted average cost method.

1.12 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 date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.13 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, i.e., when receipt or delivery of the goods or services is made.

Classification and measurement

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

Financial assets and liabilities are subsequently measured at amortised cost.

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.

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).

Expected credit losses are the probability weighted losses expected from credit loss events occurring within a defined period. Probabilities are determined based on experience and knowledge obtained through the debt collection process.

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.

De-recognition

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.

1.14 Leases

Finance leases

The Trust does not have any finance leases.

Operating leases

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

In applying IFRIC 4 - Determining whether an arrangement contains a lease, collectively significant rental arrangements that do not have the legal status of a lease but convey the right to use an asset for payment are accounted for under the Trust's lease policy, where fulfilment of the arrangement is dependent on the use of specific assets.

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.

1.15 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 as a provision 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.

For post- employment benefits including early retirement provisions and injury benefit provisions the HM Treasury's pension discount rate of -0.50% in real terms (0.29%, 2018/19) is used.

All other provisions are subject to three separate discount rates according to the expected timing of cash flows from the Statement of Financial Position date:

Short term rate:	**0.51%** (0.76%, 2018/19)
Medium term rate:	**0.55%** (1.14%, 2018/19)
Long term rate:	**1.99%** (1.99%, 2018/19)

1.16 Clinical negligence costs

NHS Resolution (the trading name of the NHS Litigation Authority NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution, which, in return, settles all clinical negligence claims. The contribution is charged to expenditure. Although the 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 the NHS Resolution on behalf of the Trust is disclosed in Note 20.1 but is not recognised in the Trust's accounts.

1.17 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 as and when they become due.

1.18 Contingent assets and contingent liabilities

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the Trust's control) are not recognised as assets, but are disclosed in Note 21 where an inflow of economic benefits is probable.

A contingent liability is:

- 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.

Contingent liabilities are not recognised, but are disclosed in Note 21, unless the probability of a transfer of economic benefits is remote.

Where the time value of money is material, contingent assets and contingent liabilities are disclosed at their present value.

1.19 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance, which represents the Department of Health and Social Care's investment in the Trust. HM Treasury has determined that, being issued under statutory authority rather than under contract, PDC is not a financial instrument within the meaning of IAS 32.

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

An annual charge, reflecting the cost of capital utilised by the Trust, is payable as PDC dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS Foundation Trust during the financial year.

Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for:

- donated assets (including lottery funded assets)
- average daily cash balances held with the Government Banking Service (GBS) and National Loan Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility
- any PDC dividend balance receivable or payable
- and any assets purchased in response to COVID-19.

The average relevant net assets is calculated as a simple average of opening and closing relevant net assets.

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

1.20 Value added tax

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

1.21 Corporation tax

As an NHS foundation trust, Wrightington, Wigan and Leigh NHS Foundation Trust is specifically exempted from corporation tax through the Corporation Tax Act 2010. The Act provides that HM Treasury may dis-apply this exemption only through an order via a statutory instrument (secondary legislation). Such an order could only apply to activities which are deemed commercial, and arguably much of the Trust's other operating income is ancillary to the provision of healthcare, rather than being commercial in nature. No such order has been approved by a resolution of the House of Commons. There is therefore no corporation tax liability in respect of the current financial year.

1.22 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. They are disclosed in a separate note to the accounts (Note 16.1).

1.23 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way each individual case is handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the Trust not been bearing its own risks (with insurance premiums then being included as normal revenue expenditure).

1.24 Transfers of functions

For functions that have been transferred to the Trust from another NHS body, the assets and liabilities transferred are recognised in the accounts as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain / loss corresponding to the net assets/ liabilities transferred is recognised within income / expenses, but not within operating activities.

For property, plant and equipment assets and intangible assets, the cost and accumulated depreciation/amortisation balances from the transferring entity's accounts are preserved on recognition in the Trust's accounts. Where the transferring body recognised revaluation reserve balances attributable to the assets, the Trust makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain transparency within public sector accounts (Note 26).

1.25 Early adoption of standards, amendments and interpretations

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

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

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 all leases. The standard also requires the remeasurement of lease liabilities 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 leases based on its assessments made under the old standards view 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 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 the adoption of the standard. The related right of use asset will be measured equal to liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. 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.

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 and liabilities. Depreciation in-year is not expected to be material.

IFRS 17 Insurance contracts: [new standard] (2023/24) – work has not yet started on understanding the full impact of this new standard in the NHS, however on the basis that the Trust does not issue insurance contracts it is unlikely that this standard will impact the Trust accounts.

IFRS - International Financial Reporting Standards

IFRIC – International Financial Reporting Interpretation Committee

Note 2 Operating income from patient care activities

Note 2.1 Income from patient care activities (by nature)

	2019/20 £000	2018/19 £000
Acute services		
Elective income	64,878	65,594
Non elective income	76,208	73,491
First outpatient income	19,851	18,451
Follow up outpatient income	24,831	23,079
A & E income	14,847	11,959
High cost drugs income from commissioners (excluding pass through costs)	11,027	9,799
Other NHS clinical income*	82,106	77,297
Community Services	54,494	3,220
Additional income		
Private patient income	3,804	3,123
Agenda for change pay award**	0	3,252
Additional pension contribution central funding***	9,248	0
Other clinical income****	1,049	938
Total income from activities	**362,343**	**290,203**

* Other NHS clinical income includes income in respect of maternity outpatients, diagnostic imaging, breast screening, audiology, chemotherapy, palliative care.

** 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.

*** From 1 April 2019 the employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge). 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.

**** Other clinical income relates largely to income from the NHS Injury Cost Recovery Scheme (ICR) for third party injury claims.

Note 2.2 Income from patient care activities (by source)

Income from patient care activities received from:

	2019/20 £000	2018/19 £000
NHS England	32,413	19,418
Clinical Commissioning Groups	299,976	254,662
NHS Foundation Trusts	4,118	7,500
NHS Trusts	6	4
Local Authorities	19,967	260
Department of Health and Social Care	44	3,252
NHS other (including Public Health England)	195	195
Non NHS: private patients	3,804	3,123
Non NHS: overseas patients (chargeable to patient)	73	126
NHS injury scheme (ICR)*	942	882
Non NHS: other	805	781
Total income from activities	**362,343**	**290,203**

*NHS injury scheme income is subject to a provision for doubtful debts of 21.79% (21.69%, 2018/19) to reflect expected rates of collection.

Note 2.3 Overseas visitors

	2019/20 £000	2018/19 £000
Income recognised this year	73	126
Cash payments received in-year	21	55
Amounts added to allowance for impaired contract receivables	36	99
Amounts written off in-year	10	68

Note 3 Other operating income

	2019/20 £000	2018/19 £000
Other operating income from contracts with customers:		
Research and development (contract)	1,124	1,185
Education and training (excluding notional apprenticeship levy income)	9,822	11,059
Non-patient care services to other bodies	2,642	2,289
Provider sustainability fund (PSF)/Financial recovery fund (FRF)*	8,223	24,050
Income in respect of employee benefits accounted on a gross basis**	4,434	6,544
Other contract income***	8,372	5,914
Other non-contract operating income		
Education and training - notional apprenticeship levy income	287	124
Receipt of capital grants and donations	213	306
Charitable and other contributions to expenditure	68	68
Rental revenue from operating leases	94	150
Other	0	1,734
Total other operating income	**35,279**	**53,423**

* The Provider Sustainability Fund and the Financial Recovery Fund enable NHS providers to earn income linked to the achievement of financial control totals and performance targets.

A change in regulatory financial regime has resulted in some elements of these payments being included in contract income and bonus payments were not available this financial year. The Trust received bonus payments totalling £17m 2018/19.

** Income in respect of employee benefits accounted for on a gross basis relates to recharges of staff costs for which there is a corresponding employee expense in operating expenses.

*** Other contract income of £8.4m (£5.9m, 2018/19) includes car parking income, catering income, pharmacy income, staff accommodation rental and other miscellaneous income recharged to other NHS bodies.

Note 3.1 Additional information on contract revenue recognised in the period

	2019/20 £000	2018/19 £000
Revenue recognised in the reporting period that was included within contract liabilities at the previous period end	892	393

Note 3.2 Income from activities arising from commissioner requested services

Under the terms of its provider license, the Trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider license and are services that commissioners believe would need to be protected in the event of provider failure.

This information is provided in the table below:

	2019/20 £000	2018/19 £000
Income from services designated as commissioner requested services	353,031	274,080
Income from services not designated as commissioner requested services	9,312	16,123
Total	**362,343**	**290,203**

Note 4 Operating expenses

	2019/20 £000	2018/19 £000
Purchase of healthcare from NHS and DHSC bodies	3,892	1,772
Purchase of healthcare from non-NHS and non-DHSC bodies	1,452	686
Employee expenses - executive directors	1,337	1,193
Employee expenses - non-executive directors	175	167
Employee expenses - staff	247,298	196,979
Employee expenses - temporary staff	17,344	11,658
Supplies and services - clinical	35,491	32,605
Supplies and services - general	4,738	4,173
Drug costs (inventory consumed & non-inventory purchases)	22,486	22,952
Establishment	2,915	2,129
Consultancy fees	0	22
Transport	2,121	1,527
Premises	18,507	13,661
Movement in credit loss allowance: contract receivables/contract assets	(22)	164
Change in provisions discount rate	70	(56)
Operating lease expenditure (net)	4,597	1,031
Depreciation on property, plant and equipment	7,825	5,837
Amortisation on intangible assets	543	547
Net Impairments*	2,865	(5,794)
Audit fees payable to the external auditor		
audit services - statutory audit	68	54
other auditor remuneration - see Note 4.1	0	44
Internal audit and local counter fraud services	152	151
Clinical negligence	10,934	11,183
Legal fees	734	500
Insurance	450	451
Education and Training	2,385	1,508
Redundancy and other mutually agreed resignation schemes	233	100
Losses, ex gratia & special payments	22	5
Other	5,086	1,860
Total	**393,698**	**307,109**

*Further details of net impairments can be found in Note 12.

Note 4.1 Other auditor remuneration

	2019/20 £000	2018/19 £000
Other auditor remuneration paid to the external auditor:		
Audit-related assurance services	0	10
All assurance services not falling within the above	0	34
Total	**0**	**44**

Note 4.2 Limitation on auditor's liability

There is a £1m limitation on auditor's liability for external audit work carried for the financial years 2019/20 and 2018/19.

Note 4.3 Better payment practice code (BPPC)

The better payment practice code gives NHS organisations a target of paying 95% of invoices within agreed payment terms or in 30 days where there are no terms agreed.

Performance for the financial year against this target is contained in the table below.

	2019/20		2018/19	
	Number	£000	Number	£000
Non-NHS				
Trade invoices paid in the period	68,929	194,051	62,514	151,956
Trade invoices paid within target	63,985	180,289	58,149	141,186
Percentage of trade invoices paid within target	**92.8%**	**92.9%**	**93.0%**	**92.9%**
NHS				
Trade invoices paid in the period	2,647	27,612	3,461	21,982
Trade invoices paid within target	2,227	25,256	2,945	17,800
Percentage of trade invoices paid within target	**84.1%**	**91.5%**	**85.1%**	**81.0%**
Total				
Trade invoices paid in the period	71,576	221,663	65,975	173,938
Trade invoices paid within target	66,212	205,545	61,094	158,986
Percentage of trade invoices paid within target	**92.5%**	**92.7%**	**92.6%**	**91.4%**

Note 5 Employee benefits

	2019/20 Total £000	2018/19 Total £000
Salaries and wages	201,020	166,449
Social security costs	18,579	15,431
Apprenticeship levy*	898	751
Employer's contributions to NHS pensions	21,220	17,185
Employer's contributions to NHS pensions paid by NHSE on behalf of the Trust (6.3%)**	9,248	0
Temporary staff	17,344	11,658
Total staff costs	**268,309**	**211,474**
Costs capitalised as part of assets	2,039	1,490

* The Apprenticeship Levy requires all employers operating in the UK, with a pay bill over £3m each year, to invest in apprenticeships. The Trust is required to pay a levy of 0.5% of it's pay bill, less an allowance of £15,000.

** From 1 April 2019 the employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge). 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.

A further analysis of staff costs can be found in the remuneration section of the Annual Report.

Note 5.1 Retirements due to ill-health

There Trust had no early retirements agreed on the grounds of ill-health during the year. (3, 2018/19). The estimated additional pension liabilities of ill-health retirements for 2018/19 was £105k.

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

Note 5.2 Executive directors' and non-executive directors' remuneration and other benefits

	2019/20 £000	2018/19 £000
Salary	1,112	1,096
Employer's pension contributions	142	144
Taxable benefits	26	26
Total	**1,280**	**1,266**
Non-executive directors' remuneration *	175	153
Total	**1,455**	**1,419**
The total number of directors accruing benefits under the NHS Pension Scheme	7	7

* Non-executive directors are not members of the NHS Pension Scheme.

Further details of directors' remuneration can be found in the remuneration section of the Annual Report.

Note 5.3 Employee benefits

An accrual in respect of annual leave entitlements carried forward at the Statement of Financial Position date of £0.5m has been provided for within the accounts (£0.3m, 2018/19). There were no other employee benefits during the year.

Note 6 Operating leases

Note 6.1 Wrightington, Wigan and Leigh NHS Foundation Trust as a lessee

	2019/20 £000	2018/19 £000
Operating lease expense		
Minimum lease payments	4,597	1,031
Total	**4,597**	**1,031**

	31 March 2020 £000	31 March 2019 £000
Future minimum lease payments due:		
- not later than one year;	4,375	1,045
- later than one year and not later than five years;	8,986	2,736
- later than five years.	216	951
Total	**13,577**	**4,732**

The Trust leases various premises, primarily to accommodate administrative functions, under operating leases at market rates, for periods up to 5 years.

The Trust also leases equipment and vehicles for periods not exceeding 7 years.

Leased equipment chiefly comprises complex medical equipment used in the delivery of healthcare. The majority of vehicle leases are rolling 'monthly hire' arrangements for transport between Trust sites.

Where applicable, break clauses in the Trust's lease contracts have been taken into account in the calculation of future minimum lease payments.

Note 6.2 Wrightington, Wigan and Leigh NHS Foundation Trust as a lessor

	2019/20 £000	2018/19 £000
Operating lease revenue		
Minimum lease receipts	94	150
Total	**94**	**150**

	31 March 2020 £000	31 March 2019 £000
Future minimum lease receipts due:		
- not later than one year	0	150
Total	**0**	**150**

Note 7 Finance income

	2019/20 £000	2018/19 £000
Interest on bank accounts	363	143
Total	363	143

Note 8 Finance expenses

	2019/20 £000	2018/19 £000
Interest expense		
Loans from the Department of Health and Social Care	347	382
Total interest expense	**347**	**382**
Other finance costs - unwinding of discount	11	6
Total	**358**	**388**

Note 9 Gains and losses on disposal of assets

	2019/20 £000	2018/19 £000
(Loss)/gain on disposal of assets	(163)	1,285
Total	**(163)**	**1,285**

The loss on disposal of assets has arisen as a result of a change in defibrillator policy. This change resulted in the replacement and standardisation of defibrillators and non standard defibrillators were disposed of.

Note 10 Intangible assets

Note 10.1 Intangible assets - 2019/20

	Software licences £000	Internally generated information technology £000	Websites £000	Total £000
Valuation/gross cost at 1 April 2019	**12,112**	**713**	**44**	**12,869**
Additions	503	0	0	503
Gross cost at 31 March 2020	**12,615**	**713**	**44**	**13,372**
Amortisation at 1 April 2019	**10,154**	**675**	**12**	**10,841**
Provided during the year	510	29	4	543
Amortisation at 31 March 2020	**10,664**	**704**	**16**	**11,384**
Net book value at 31 March 2020	**1,951**	**9**	**28**	**1,988**
Net book value at 1 April 2019	**1,958**	**38**	**32**	**2,028**

Note 10.2 Intangible assets - 2018/19

	Software licences £000	Internally generated information technology £000	Websites £000	Total £000
Valuation/gross cost at 1 April 2018	**11,977**	**713**	**33**	**12,723**
Additions	135	0	11	146
Valuation/gross cost at 31 March 2019	**12,112**	**713**	**44**	**12,869**
Amortisation at 1 April 2018	**9,652**	**634**	**8**	**10,294**
Provided during the year	502	41	4	547
Amortisation at 31 March 2019	**10,154**	**675**	**12**	**10,841**
Net book value at 31 March 2019	**1,958**	**38**	**32**	**2,028**
Net book value at 1 April 2018	**2,325**	**79**	**25**	**2,429**

Note 10.3 Intangible assets financing 2019/20

	Software licences £000	Internally generated information technology £000	Websites £000	Total £000
Purchased	1,927	9	28	1,964
Donated	24	0	0	24
NBV total at 31 March 2020	**1,951**	**9**	**28**	**1,988**

Note 10.4 Intangible assets financing 2018/29

	Software licences £000	Internally generated information technology £000	Websites £000	Total £000
Purchased	1,931	38	32	2,001
Donated	27	0	0	27
NBV total at 31 March 2019	**1,958**	**38**	**32**	**2,028**

Note 11 Property, plant and equipment

Note 11.1 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	**7,984**	**118,870**	**2,415**	**1,585**	**47,496**	**195**	**32,009**	**442**	**210,996**
Transfers by absorption	1,328	5,410	0	0	1,521	0	1,133	0	9,392
Additions	0	4,751	0	14,080	3,110	0	4,034	0	25,975
Impairments	(771)	(22,609)	(574)	0	(3)	0	0	0	(23,957)
Reversals of impairments	0	5,719	7	0	0	0	0	0	5,726
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	102	3,467	59	0	0	0	0	0	3,628
Disposals/derecognition	0	0	0	0	(3,987)	0	(1,134)	0	(5,121)
Valuation/gross cost at 31 March 2020	**8,643**	**115,608**	**1,907**	**15,665**	**48,137**	**195**	**36,042**	**442**	**226,639**
Accumulated depreciation at 1 April 2019	**0**	**2,304**	**18**	**0**	**33,634**	**151**	**16,569**	**255**	**52,931**
Transfers by absorption	0	232	0	0	669	0	578	0	1,479
Provided during the year	0	3,611	83	0	1,433	9	2,671	18	7,825
Impairments	0	(2,836)	(35)	0	849	0	540	0	(1,482)
Reversals of impairments	0	(569)	(10)	0	0	0	0	0	(579)
Revaluations	0	(270)	(38)	0	0	0	0	0	(308)
Reclassifications	0	0	0	0	0	0	0	0	0
Disposals/ derecognition	0	0	0	0	(3,768)	0	(1,134)	0	(4,902)
Accumulated depreciation at 31 March 2020	**0**	**2,472**	**18**	**0**	**32,817**	**160**	**19,224**	**273**	**54,964**
Net book value at 31 March 2020	**8,643**	**113,136**	**1,889**	**15,665**	**15,320**	**35**	**16,818**	**169**	**171,675**
Net book value at 1 April 2019	**7,984**	**116,566**	**2,397**	**1,585**	**13,862**	**44**	**15,440**	**187**	**158,065**

Note 11.2 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	**7,184**	**106,923**	**2,415**	**1,119**	**46,824**	**195**	**27,703**	**442**	**192,805**
Additions - purchased/ leased/ grants/ donations	0	1,209	0	466	2,513	0	4,306	0	8,494
Impairments	0	(202)	0	0	0	0	0	0	(202)
Reversals of impairments	428	4,091	0	0	0	0	0	0	4,519
Revaluations	594	6,849	0	0	0	0	0	0	7,443
Disposals/derecognition	(222)	0	0	0	(1,841)	0	0	0	(2,063)
Valuation/gross cost at 31 March 2019	**7,984**	**118,870**	**2,415**	**1,585**	**47,496**	**195**	**32,009**	**442**	**210,996**
Accumulated depreciation at 1 April 2018	**0**	**3,383**	**67**	**0**	**34,069**	**141**	**14,500**	**236**	**52,396**
Provided during the year	0	2,365	68	0	1,306	10	2,069	19	5,837
Impairments	0	(45)	0	0	0	0	0	0	(45)
Reversals of impairments	0	(1,412)	(14)	0	0	0	0	0	(1,426)
Revaluations	0	(1,987)	(103)	0	0	0	0	0	(2,090)
Disposals/ derecognition	0	0	0	0	(1,741)	0	0	0	(1,741)
Accumulated depreciation at 31 March 2019	**0**	**2,304**	**18**	**0**	**33,634**	**151**	**16,569**	**255**	**52,931**
Net book value at 31 March 2019	**7,984**	**116,566**	**2,397**	**1,585**	**13,862**	**44**	**15,440**	**187**	**158,065**
Net book value at 1 April 2018	**7,184**	**103,540**	**2,348**	**1,119**	**12,755**	**54**	**13,203**	**206**	**140,409**

Note 11.3 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
Owned	8,643	111,267	1,889	15,665	14,619	35	16,775	169	169,062
Donated	0	1,869	0	0	701	0	43	0	2,613
NBV total at 31 March 2020	**8,643**	**113,136**	**1,889**	**15,665**	**15,320**	**35**	**16,818**	**169**	**171,675**

Note 11.4 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
Owned	7,984	114,641	2,397	1,585	13,140	44	15,373	187	155,351
Donated	0	1,925	0	0	722	0	67	0	2,714
NBV total at 31 March 2019	**7,984**	**116,566**	**2,397**	**1,585**	**13,862**	**44**	**15,440**	**187**	**158,065**

Note 11.5 Impairment of assets

	2019/20	2018/19
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	2,865	(5,794)
Impairments charged to the revaluation reserve	13,305	6
Total net impairments	**16,170**	**(5,788)**

Note 12 Revaluations of property, plant and equipment

The value and remaining useful lives of land and building assets are estimated by Cushman and Wakefield. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. Valuations are carried out primarily on the basis of depreciated replacement cost for specialised operational property and existing use value for non-specialised operational property.

A full asset valuation was undertaken during 2019/20 with a revaluation date of 31 January 2020.

As a result of this valuation land and buildings have seen an overall decrease in value totalling £10.8m.

Buildings and dwellings, which had previously seen a reduction in value and which were subsequently impaired have been revalued upwards resulting in a reversal of previous impairments. This reversal of £6.3m has been charged to expenditure and offset against impairments charged to expenditure as a result of decreases in value totalling £7.8m. In addition, during the course of the year the Trust continued to review its asset base and as a result of this exercise a number of tangible assets totalling £1.4m were impaired.

Assets revalued have been written down to their recoverable amount within the Statement of Financial Position, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for that asset and, thereafter, to expenditure - impairment of property plant and equipment. Increases in value have been credited to the revaluation reserve unless circumstances arose whereby a reversal of an impairment was necessary. In these circumstances this has been netted off against impairments in expenditure.

The lives of equipment assets are estimated on historical experience of similar equipment lives with reference to national guidance and consideration of the pace of technological change. Operational equipment is carried at its cost less any accumulated depreciation and any impairment losses. Where assets are of low value and/or have short useful economic lives, these are carried at depreciated historical cost as a proxy for current value.

Note 13 Disclosure of interests in other entities

In addition to its subsidiary charity, the Trust has interests in a number of joint operations. Joint operations are arrangements in which the Trust has joint control with one or more other parties and has the rights to assets, and obligations for liabilities relating to the arrangement. The Trust therefore includes within its financial statements its share of the assets, liabilities, income and expenses relating to its joint operations.

The Trust does not attribute levels of risk significantly above 'business as usual' with these arrangements, as the operators are all partner NHS bodies and local authority organisations, working together within the same healthcare and community operating environment. In practical terms, this translates to longstanding related party relationships based in contracts and transactions, collaborative working, shared objectives and common policies.

The Trust's joint operations are detailed below.

Pathology at Wigan & Salford (PAWS)

The Trust works collaboratively with Salford Royal NHS Foundation Trust to provide pathology services to both trusts. The intention of the arrangement is to reduce running costs through centralisation and provide resilience in each trust's pathology services. The majority of activity is carried out at a Salford site, with an essential services laboratory remaining at the Trust's Wigan site.

The Trust retains the rights to assets contributed at the start of the arrangement, and new equipment is split between both trusts when purchased. As the 'host' partner, Salford Royal NHS Foundation Trust retains the obligation to pay suppliers' invoices, recharging Wrightington, Wigan and Leigh NHS Foundation Trust for its share of PAWS-related expenditure (£8.8m in year and £8.7m, 2018/19).

Sterile Services Decontamination Unit (SSDU)

In this joint working arrangement with Salford Royal NHS Foundation Trust, both trusts receive sterile services, which chiefly involves the decontamination of surgical instruments. The arrangement is similar to PAWS in that the trusts intend to reduce running costs through centralisation, provide resilience in each organisation's sterile services, and create income through selling services to other providers in the local health economy. The majority of activity is carried out at a site in Bolton with a small service retained at the Trust's Leigh site.

The Trust retains the rights to assets contributed to the arrangement. As the 'host' partner, Wrightington, Wigan and Leigh NHS Foundation Trust retains the obligation to pay the majority of suppliers' invoices, recharging Salford Royal NHS Foundation Trust, for its share of SSDU-related expenditure (£2.3m in year and £1.6m, 2018/19).

Well Being Partners

This arrangement is jointly operated by Wrightington, Wigan and Leigh NHS Foundation Trust (the 'host' operator), Lancashire Teaching Hospitals NHS Foundation Trust and Bolton NHS Foundation Trust. The collaboration is designed to provide resilience to each of the three operators' occupational health services and to create income through selling services to other bodies. The activity is carried out at all three trusts' sites with additional outreach clinics. The Trust's share of expenditure for the year was £0.7m (£0.8m, 2018/19).

Community Health Investment Plan (CHIP)

During the year the Trust invested £20m into CHIP, a joint initiative with Wigan Borough Council. This investment will fund the construction of community facilities to help stem demand into the hospital and improve the overall health and wellbeing of the population of the Wigan borough.

£13m has been recognised within assets under construction in the Trust accounts at 31 March 2020, representing the Trusts investment in the building of apartments and bungalows offering supported living and dementia support facilities. The buildings are expected to reach completion during the financial year 2020/21.

The remaining £7m will fund the building of a number of parklife schemes in the most deprived areas of the borough and this balance is currently held within cash and cash equivalents. These schemes are currently in the planning phase.

Note 14 Inventories

	31 March 2020 £000	31 March 2019 £000
Drugs	1,155	945
Consumables	3,207	3,174
Energy	95	95
Other	86	86
Total inventories	**4,543**	**4,300**

Inventories recognised in expenses for the year were £30,150k (£28,594k, 2018/19).

Note 15.1 Trade and other receivables

	31 March 2020 £000	31 March 2019 £000
Current		
Contract receivables invoiced/non-invoiced	15,368	31,478
Allowance for impaired contract receivables	(945)	(1,002)
Prepayments (non-PFI)	4,469	2,241
Interest receivable	16	16
PDC dividend receivable	175	0
VAT receivable	818	536
Other receivables	481	2,778
Total current trade and other receivables	**20,382**	**36,047**
Non-current		
Allowance for impaired contract receivables	(66)	(70)
Other receivables	304	320
Total non-current trade and other receivables	**238**	**250**
Of which receivables from NHS and DHSC group bodies:		
Current	12,123	31,659

In 2018/19 ICR Receivables were reported within the category 'other receivables' (£2,054k). For 2019/20 (£2,004k) these have been reported within 'contract receivables' in accordance with NHSI guidance.

Note 15.2 Allowances for credit losses - 2019/20

	Contract receivables and contract assets £000
Allowances as at 1 Apr 2019 - brought forward	1,072
New allowances arising	59
Reversals of allowances	(81)
Utilisation of allowances (write offs)	(39)
Allowances as at 31 Mar 2020	**1,011**

Note 15.3 Allowances for credit losses - 2018/19

	Contract receivables and contract assets £000
Allowances as at 1 Apr 2018 - brought forward	988
New allowances arising	164
Utilisation of allowances (write offs)	(80)
Allowances as at 31 Mar 2019	**1,072**

Note 16 Cash and cash equivalents

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 £000
At 31 March 2019	**32,154**
Net change in year	15,015
At 31 March 2020	**47,169**
Broken down into	
Cash in hand	6
Cash with the Government Banking Service	40,013
Other current investments	7,150
Total cash and cash equivalents	**47,169**

Note 16.1 Third party assets held by the NHS foundation trust

During the year the Trust held cash relating to monies held on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts. The Trust also holds in the normal course of business consignment inventories which comprise orthopaedic prosthesis. These are held on Trust premises and still owned by the supplier. The Trust is only obliged to pay for these assets when they are used.

	31 March 2020 £000	31 March 2019 £000
Monies held on behalf of patients	5	0
Consignment inventories	6,370	5,748
Total third party assets	6,375	5,748

Note 17 Trade and other payables

	31 March 2020 £000	31 March 2019 £000
Current		
Trade payables	13,447	11,206
Capital payables	8,794	2,773
Accruals	22,074	15,792
Receipts in advance	6	21
Social security costs	2,929	2,368
Other taxes payable	2,137	1,771
PDC dividend payable	0	121
Other payables	4,613	3,039
Total current trade and other payables	**54,000**	**37,091**
Of which payables to NHS and DHSC group bodies:		
Current	13,573	5,952

Note 18 Other liabilities

	31 March 2020 £000	31 March 2019 £000
Current		
Deferred income: contract liabilities	306	1,047
Total other current liabilities	**306**	**1,047**
Non-current		
Deferred income: contract liabilities	459	372
Total other non-current liabilities	**459**	**372**

Note 19 Borrowings

	31 March 2020 £000	31 March 2019 £000
Current		
Loans from the Department of Health and Social Care	3,863	3,872
Other loans	457	681
Total current borrowings	**4,320**	**4,553**
Non-current		
Loans from the Department of Health and Social Care	13,040	16,810
Other loans	617	874
Total non-current borrowings	**13,657**	**17,684**

Other loans relate to public sector energy efficiency loans with Salix Finance Limited. These loans are interest-free and have financed a number of energy-saving schemes throughout the Trust. Repayments are phased to match the projected savings from the schemes. Details of the loans from the Department of Health and Social Care are detailed in Note 24.

Note 20 Reconciliation of liabilities arising from financing activities

	Loans from DHSC £000	Other loans £000	Total £000
Carrying value at 1 April 2019	**20,682**	**1,555**	**22,237**
Cash movements:			
Financing cash flows - payments and receipts of principal	(3,769)	(481)	(4,250)
Financing cash flows - payments of interest	(357)	0	(357)
Non-cash movements:			
Application of effective interest rate	347	0	347
Carrying value at 31 March 2020	**16,903**	**1,074**	**17,977**

Note 21 Provisions

	Total £000	Other legal claims £000	Pensions: injury benefits £000	Other £000
At 1 April 2019	**2,517**	**244**	**2,223**	**50**
Change in the discount rate	70	0	70	0
Arising during the year	434	235	113	86
Utilised during the year	(217)	(93)	(124)	0
Reversed unused	(105)	(105)	0	0
Unwinding of discount	11	0	11	0
At 31 March 2020	**2,710**	**281**	**2,293**	**136**
Expected timing of cash flows:				
- not later than one year;	541	281	124	136
- later than one year and not later than five years;	597	0	597	0
- later than five years.	1,572	0	1,572	0
Total	**2,710**	**281**	**2,293**	**136**

The amounts provided for employer's/public liability claims disclosed within other legal claims, are based on actuarial assessments received from NHS Resolution (NHSR) as to their value and anticipated payment date.

Other provisions relate to pathology service staffing changes jointly agreed with Salford Royal NHS Foundation Trust and employment tribunal claims.

Note 21.1 Clinical negligence liabilities

At 31 March 2020, £218m was included in provisions of the NHS Resolution in respect of clinical negligence liabilities of Wrightington, Wigan and Leigh NHS Foundation Trust (£206m, 31 March 2019).

Note 22 Contingent assets and liabilities

	31 March 2020 £000	31 March 2019 £000
Amounts recoverable against liabilities	1	17
Net value of contingent liabilities	**1**	**17**

Amounts recoverable against liabilities relates to amounts paid by the Trust for employers and public liability claims managed through NHS Resolution.These amounts relate to overpayments made against claims.

The Trust has no contingent assets or liabilities.

Note 23 Contractual capital commitments

	31 March 2020 £000	31 March 2019 £000
Property, plant and equipment	9,268	1,505
Total	**9,268**	**1,505**

Contractual capital commitments mainly relate to committed expenditure in respect of the Trust's investment into an additional ward on the Royal Albert site, medical equipment and Trust wide site maintenance and improvements.

Note 24 Financial Instruments

Note 24.1 Financial risk management

Liquidity risk

The Trust's net operating costs are incurred under annual service level agreements/contracts with Clinical Commissioning Groups (CCGs) which are financed from resources voted annually by Parliament. The Trust receives such income in accordance with Payment by Results (PBR), which is intended to match the income received in year to the activity delivered in that year by reference to the National Tariff procedure cost. Monthly payments are received from CCGs based on an annual service level agreement; this arrangement reduces liquidity risk.

The Trust actively mitigates liquidity risk by daily cash management procedures and by keeping all cash balances in an appropriately liquid form. Liquidity is monitored by the Board on a monthly basis through the calculation of the Use of Resources Metric as required by NHS Improvement and by the review of cash flow forecasts for the year.

The Trust has two loans financed by the Independent Trust Financing Facility. A 7 year loan for £13.5m at 0.66% fixed interest rate and a 25 year loan for £16.5m at 2.24% fixed interest rate. Repayments on the loans commenced in December 2016 and are repaid over the period of the loans. Repayments are built into the Trust's cash flow plans for the year and there is no risk that a number of significant borrowings could become repayable at one time and cause unplanned cash pressures.

The Trust has a number of energy efficiency loans with Salix Finance Limited. These loans are interest-free and have been invested in energy-efficiency saving schemes. The savings from these schemes are matched to loan repayments and there is therefore no risk that these borrowings will cause unplanned cash pressures.

The loan repayment schedule is contained within the maturity of financial liabilities table on **page125.**

Cash invested into CHIP for schemes which have not commenced building work is held by Wigan Metropolitan Borough Council. The terms of the agreement are such that any funding not invested will be returned back to the Trust and for this reason there is no risk.

Interest rate risk

All of the Trust's financial assets and financial liabilities carry nil or fixed rates of interest other than the Trust's bank accounts which earn interest at a floating rate. The Trust is not exposed to significant interest rate risk.

Credit risk

The main source of income for the Trust is from CCGs in respect of healthcare services provided under agreements. The credit risk associated with such customers is very low.

Cash required for day to day operational purposes is held within the Trust's Government Banking Services (GBS) account. This service has minimal credit risk as balances are regularly swept into and held by the Bank of England.

The Trust regularly reviews debtor balances, and has a comprehensive system in place for pursuing past due debt. Non-NHS customers represent a small proportion of income, and the Trust is not exposed to significant credit risk in this regard.

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the Statement of Financial Position date was £15.1m (£33.3m, 2018/19) being the total of the carrying amount of financial assets excluding cash.

There are no amounts held as collateral against these balances.

Currency risk

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

More information available on page 125

Note 24.2 Carrying value of financial assets

	Held at amortised cost £000
Carrying values of financial assets as at 31 March 2020	
Trade and other receivables excluding non financial assets	15,101
Cash and cash equivalents at bank and in hand	47,169
Total at 31 March 2020	**62,270**

	Held at amortised cost £000
Carrying values of financial assets as at 31 March 2019	
Trade and other receivables excluding non financial assets	33,387
Cash and cash equivalents at bank and in hand	32,154
Total at 31 March 2019	**65,541**

Note 24.3 Carrying value of financial liabilities

	Held at amortised cost £000
Carrying values of financial liabilities as at 31 March 2020	
Loans from the Department of Health and Social Care	16,903
Other borrowings	1,074
Trade and other payables excluding non financial liabilities	45,889
Total at 31 March 2020	**63,866**

	Held at amortised cost £000
Carrying values of financial assets as at 31 March 2019	
Loans from the Department of Health and Social Care	20,682
Other borrowings	1,555
Trade and other payables excluding non financial liabilities	30,988
Total at 31 March 2019	**53,225**

Note 24.4 Maturity of financial liabilities

	31 March 2020 £000
In one year or less	47,502
In more than one year but not more than two years	2,731
In more than two years but not more than five years	3,856
In more than five years	9,777
Total	**63,866**

Note 25 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.

The Trust incurred the following losses and special payments during the financial year.

	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	2	0	1	0
Bad debts and claims abandoned	122	38	165	80
Stores losses and damage to property	4	6	4	3
Total losses	**128**	**44**	**170**	**83**
Special payments	0	0	0	0
Ex-gratia payments	27	95	20	64
Total special payments	**27**	**95**	**20**	**64**
Total losses and special payments	**155**	**139**	**190**	**147**
Compensation payments received	0	0	0	0

Note 26 Transfers of function

Following approval by the Board of Directors on 27 March 2019, and after undertaking an in-depth due diligence exercise; on 1 April 2019 the Trust took over the management of Wigan community services, previously provided by Bridgewater Community Healthcare NHS Foundation Trust.

This transfer resulted in approximately 1,000 employees being transferred from Bridgewater to the Trust.

Contract income totalling £45m and expenditure totalling £49m has been recognised in the Trust accounts as a result of this transfer.

This transfer of services resulted in a transfer of land, buildings and equipment totalling £7.9m, representing the net book value of the assets transferred, being recognised in the Trust's Statement of Financial Position and the corresponding entry recognised as a gain in income in the Statement of Comprehensive Income.

A revaluation reserve balance of £4m attributable to the transferred assets has been credited to the Revaluation Reserve with a corresponding entry to the Income and Expenditure Reserve.

Land and Buildings have subsequently been re-valued as part of the full asset revaluation exercise undertaken during the year and disclosed in note 12.

Note 27 Related party transactions

Wrightington, Wigan and Leigh NHS Foundation Trust is a public benefit corporation established under the NHS Act 2006. NHS Improvement (NHSI), does not prepare group accounts; instead, NHSI prepares NHS Foundation Trust Consolidated Accounts, for further consolidation into the Whole of Government Accounts. NHSI has powers to control NHS Foundation Trusts, but its results are not incorporated within the consolidated accounts, and it cannot be considered to be the parent undertaking for Foundation Trusts. Although there are a number of consolidation steps between the Trust's accounts and Whole of Government Accounts, the Trust's ultimate parent is HM Government.

Whole of Government Accounts bodies

All bodies within the scope of the Whole of Government Accounts (WGA) are considered to be related parties as they fall under the common control of HM Government and Parliament. The Trust's related parties therefore include Department of Health and Social Care as the parent company, other trusts, foundation trusts, clinical commissioning groups, local authorities, central government departments, executive agencies, non departmental public bodies (NDPBs), trading funds and public corporations.

During the year, the Trust has had a number of transactions with WGA bodies. Where the total transactions with a given counterparty are collectively significant, they are listed below. The Trust's related parties therefore include other trusts, foundation trusts, clinical commissioning groups, local authorities, central government departments, executive agencies non departmental public bodies (NDPBs), trading funds and public corporations.

During the year, the Trust has had a number of transactions with WGA bodies. Listed below are those entities for which the total transactions or total balances with the Trust have been collectively significant or potentially material to the other body.

- NHS Wigan Borough CCG
- NHS England
- NHS Business Services Authority
- HM Revenue and Customs
- NHS Resolution
- Health Education England
- NHS West Lancashire CCG
- NHS Bolton CCG
- NHS Chorley and South Ribble CCG
- Wigan Metropolitan Borough Council

Public dividend capital (PDC) transactions with the Department of Health and Social Care

The Trust made PDC dividend payments to the Department of Health totalling £3.7m (£3.5m, 2018/19), and is reporting a year-end PDC receivable totalling £0.1m (£0.1m PDC payable, 2018/19).

Provision for impairment of receivables - related parties

No related party debts have been written off by the Trust during the year.

Charitable related parties

Wrightington, Wigan and Leigh Health Services Charity (charitable fund with registered charity number 1048659) is a subsidiary of the Trust and therefore a related party. The Trust is the Charity's Corporate Trustee which means that the Trust's Board of Directors is charged with the governance of the Charity. The Charity's sole activity is the funding of charitable capital and revenue items for the benefit of our patients and staff.

The Charity's balance as at 31 March 2020 was £1,057k (£1,236k, 2018/19) with net outgoing resources before transfers of £179k (£378k, 2018/19). During the year the Charity incurred expenditure of £494k (£633k, 2018/19) in respect of goods and services for which the Trust was the beneficiary.

Other related parties

The Trust has interests in 4 joint operations with related parties as disclosed in Note 13 and has a related party relationship with NHS Shared Business Service.

Key management personnel

During the financial year under review, no member of either the Board or senior management team, and no other party closely related to these individuals, has undertaken any material transactions with Wrightington, Wigan and Leigh NHS Foundation Trust.

One Non Executive Director is a cancer lead at NHS Salford CCG. The Trust has entered into a number of transactions with this organisation (income £2.3m) which are considered to be "at arms length"

Key management personnel are identified as Executive Directors and Non-Executive Directors of the Trust. Details of their remuneration and other benefits can be found in Note 5.2 and the remuneration section of the Annual Report.

Notes

Notes

Notes

If you have any queries regarding this report, or wish to make contact with any of the directors or governors, please contact:

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View our Annual Report and Accounts 2019/20 online:

www.wwl.nhs.uk

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Wrightington,
Wigan and Leigh
NHS Foundation Trust