Shropshire Community Health
NHS Trust

Annual Report and Accounts 2020/21

Shropshire Community Health NHS Trust

Annual Report and Accounts 2020/21

Presented in accordance with the NHS Group Accounting Manual 2020/21
pursuant to the Companies Act 2006

Contents

Annual Report and Accounts 2020/21

About this document

This document fulfils the Annual Reporting requirements for NHS trusts.

Copies of this document are available from our website at www.shropscommunityhealth.nhs.uk, by email to shropcom.communications@nhs.net, or in writing from: Chief Executive's Office, Shropshire Community Health NHS Trust, William Farr House, Mytton Oak Road, Shrewsbury, SY3 8XL.

If you would like this report in a different format, such as large print, or need it in a different language, please contact our Patient Advice and Liaison Service who can arrange that on 0800 032 1107 or email shropcom.customerservices@nhs.net.

Foreword

Welcome from the Chair

It is my great pleasure to welcome you to our Annual Report and Accounts for 2020/21.

Like all NHS organisations 2020/21 was for us defined by the pandemic. Whilst this report will focus on and acknowledge the work and achievements of 2020/21 I want to again pay tribute to the way in which our staff and the wider NHS community has responded to the challenges and opportunities of Covid-19 pandemic.

Keeping people well and responding to our patients' needs has been a challenge this last year but our services and teams responded magnificently, both in terms of keeping services going but also by working with our local health and social care partners to co-ordinate and improve delivery. Examples include better co-ordination between our minor injuries units, A&E, and NHS 111 through which we have developed stronger teams and learned new ways of working. Alongside the Annual Report I would encourage you to read our Quality Accounts which gives more detail about this kind of innovation over the last year.

In addition this Trust played a leading role in the roll-out of Covid vaccinations and we quickly achieved high levels of vaccination among our staff, as well as contributing to the speedy delivery of vaccinations to priority groups, helping keep people safe and our services resilient.

I would like to thank our interim Chief Executive, David Stout, who steered us through the challenges of the year, as well as helping us to plan for our future. I would also like to pay tribute to all members of the Trust Board, Executive and Non –Executive, who bring wisdom, experience , skills and knowledge to our work in providing our services to the population we serve. And last, but definitely not least, I wish to thank every single member of our staff teams who perform their duties with professionalism, care and compassion and demonstrate by their actions the values of our Trust. Thank you all.

The year ahead will focus on the restoration of our services and tackling the health needs of our population, especially for those who have needed to wait longer than we would have liked for treatment. We will be building on the learning from the last year and working in ever-closer partnership with the wider NHS , local authorities and the voluntary sector to improve health outcomes and reduce inequalities for the people and communities we serve.

I hope you enjoy this Annual Report and Accounts and I look forward to your continued support in 2021/22. If you would like to take a look at things in a bit more detail. Most of this information can also be found on our website at **www.shropscommunityhealth.nhs.uk**

Thank you,

Nuala O'Kane, Chair

Performance Report

Performance Overview

The first section of the Annual Report and Accounts provides an overview of our performance over the last 12 months. This is a brief summary of who we are, what we do and how we have performed against our objectives during the year.

Chief Executive's Review of the Year

As the new CEO and joining at the very end of 2020/21 this review enables me to applaud the hard work and leadership of my colleagues and to look forward to my role in building on their success for the future.

I took on the leadership role as CEO of the Trust in April 2021 and stepped into an organisation that had enjoyed the leadership of the outgoing CEO, David Stout, for 2020/21 years. I am grateful to him for his leadership, maintaining the Trust's position which the CQC rated as 'good' at their last inspection. He has given me a stable and flourishing platform to build on so that Shropcom can play a pivotal role in the development of integrated care in the county and in taking forward the prevention and placed-based care strategy set out in the NHS Long Term Plan.

Being part of the Trust's response to the pandemic in preparation for formally taking on my new role has given me an opportunity to get to know both the resilience of the Trust and the people working here. I have been impressed by their appetite for delivering the best possible services and experiences for our community working alongside our partners within the region.

This report sets out the opportunities and challenges that we have faced and addressed over the last twelve months. I can take no credit for the hard work and determination that is reported here but I will be building and developing on that work so that myself and the Trust can continue to demonstrate our commitment to the development of community services within the Shropshire, Telford and Wrekin area; and to playing a full role with our health and social care partners in the restoration and recovery of NHS services as the impact of the Covid-19 pandemic becomes our business as usual.

I want to thank all of my new colleagues across the organisation for the very warm welcome I have received and more importantly, for all their commitment, hard work, and willingness to adapt and learn in response to new challenges. I am certain this will prove invaluable as we face the challenges of the coming year.

Thank you,

Patricia Davies, Chief Executive

Performance Report: Performance Overview

Our Vision and Values

Our Vision and Values set out our ambitions and the core set of behaviours and beliefs that guide us in what we say and do.

These were developed following a lot of work with our staff and stakeholders to make sure we got them right, and we have continued to work together to embed them into our everyday work and develop a shared culture.

Our Vision:

'We will work closely with our health and social care partners to give patients more control over their own care and find necessary treatments more readily available.

We will support people with multiple health conditions, not just single diseases, and deliver care as locally and conveniently as possible for our patients.

We will develop our current and future workforce and introduce innovative ways to use technology.'

Our Values:

Improving Lives
We make things happen to improve people's lives in our communities.

Everyone Counts
We make sure no-one feels excluded or left behind - patients, carers,
staff and the whole community.

Commitment to Quality
We all strive for excellence and getting it right for patients, carers and staff every time.

Working Together for Patients
Patients come first. We work and communicate closely with other teams, services and organisations to make that a reality.

Compassionate Care
We put compassionate care at the heart of everything we do.

Respect and Dignity
We see the person every time - respecting their values, aspirations and commitments in life – for patients, carers and staff.

Performance Report: Performance Overview

Introducing Shropshire Community Health

Shropshire Community Health NHS Trust provides community-based health services for adults and children in Shropshire, Telford and Wrekin, and some services in surrounding areas too.

We specialise in supporting people's health needs at home and through outpatient and inpatient care.

Our focus is on prevention and keeping people out of crisis so that they can receive the care and support they need at, or as close to home as possible.

NHS community services may not always be as visible to the public as the larger acute hospitals, but they play a vital role in supporting very many people who live with ongoing health problems. This is especially important in a large area such as ours, with increasing numbers of elderly people and others, including children and young people, with long-term health conditions.

We have about 724,000 community contacts each year, the vast majority of which are with people in their homes, in community centres and clinics. A very small number of people also receive inpatient care in our community hospitals.

Good community health services prevent the need for some patients to be admitted to hospital, including those with chronic conditions such as diabetes, asthma, chest disease, arthritis, hypertension, osteoporosis and stroke. People have told us that we should help patients manage their own condition and stay healthy enough not to have to spend time in hospital, unless they really need to. This is especially important as we continue to care for an ageing population. We also have community teams that specifically work with patients who need additional or short-term care and support to help them return home from hospital as quickly as possible, or to avoid being admitted in the first place.

Our Executive Team has led extensive work to engage with patients, staff and stakeholders in refining our Values, Vision and Goals. This has been a key part of the overall strategic work to shape our services now and for the future, and

also working alongside our health and social care partners to deliver a co-ordinated approach to delivering services. Everything we do is aimed towards ***Improving Lives in Our Communities***.

Key Facts:

Organisation formed in 2011

Serve a population of almost 500,000

Employ circa 1600 people

We had 723,722 community contacts in 2020/21

Spent £96.1m delivering services

Provide services from more than 100 sites across one of England's largest and sparsely populated counties.

Performance Report: Performance Overview

Who we are and what we do

The Trust was established in 1 July 2011 by the Secretary of State for Health under the provisions of the National Health Service Act 2006.

We provide a wide range of community health services to about 497,000 adults and children in their own homes, local clinics, health centres, GP surgeries, schools and our community hospitals in Bishop's Castle, Bridgnorth, Ludlow and Whitchurch.

We realise that it can be confusing to know who is who in the ever-changing world of the National Health Service (NHS), so it may be helpful to explain the various local NHS bodies and where we fit.

Within the county of Shropshire there were two Clinical Commissioning Groups (CCGs) – Shropshire CCG and Telford & Wrekin CCG. These organisations, which were in the process of merging into a single organisation from 1 April 2021, are responsible for buying (commissioning) a wide range of health services for patients. As a provider of community NHS services we receive the majority of our income from these commissioners, among others. In 2020/21 our total income for the year was £89.6 million. You can find out more about how we get and spend our money in the Directors Report and Annual Accounts.

The CCGs buy services from organisations that deliver care to patients – often referred to as "providers". These are generally either acute services (main hospital services) or community services such as community nursing, children and young people's services and community hospitals. They work with a range of partners including other NHS organisations, the local authorities, patient and service user groups and the voluntary sector.

We provide community services across the county, as well as neighbouring areas such as our School Nursing Service in Dudley, and work closely with the other providers (The Shrewsbury and Telford Hospital NHS Trust, The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust and Midland Partnership NHS Foundation Trust) and many other organisations to care for the population of Shropshire.

While our services are varied, many of them deliver care and treatment for children and adults, including frail elderly people, who live with long-term illnesses or disabilities and want to maintain as normal a life as possible at home. We are committed to helping them maintain independence and a good quality of life. Services such as our community respiratory team, specialist diabetes nursing service, continence service, and community paediatric nurses are just some of the teams who deliver that.

We also provide palliative care to help people achieve the best quality of life towards the end of their life.

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Our Services

The services we deliver can be broken down into three main areas, as illustrated in the tables below.

We have two Service Delivery Groups (SDGs) managing the clinical services that provide direct care and support for our patients - one for Adults and one for Children and Families. Then, wrapped around our frontline staff, we have a range of corporate and support services.

Adult SDG

- Community Hospitals
- Minor Injury Units
- Integrated Community Services
- Inter-Disciplinary Teams
- Long-Term Conditions & Frail Elderly
- Diabetes
- Tissue Viability
- Continence Services
- Shropshire Wheelchair Service
- Rheumatology
- Physiotherapy
- Podiatry
- Advanced Primary Care Services
- Prison Healthcare
- Diagnostics, Assessment and Access to Rehabilitation and Treatment (DAART)

Children and Families SDG

- Health Visitors
- Children's Therapy Services
- Community Children's Nurses
- School Nurses
- Family Nurse Partnership
- Child Development Centres
- Safeguarding
- New Born Hearing Screening
- Child Health and Audiology
- Community Paediatrics
- Immunisation and Vaccination
- Dental Services

Corporate/Support Services

- Finance
- Workforce/HR
- Organisational Development
- IT and Informatics
- Hotel Services
- Administration Support
- Business Development
- Performance
- Complaints and PALS
- Emergency Planning
- Patient Experience and Involvement
- Assurance (non-clinical)
- Quality
- Communications and Marketing

You can find out more about our full range of services on our website at www.shropscommunityhealth.nhs.uk

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How we are funded and how we spend our money

This section provides a very brief overview of how our finances are managed. You can find out more about our finances in the Remuneration Report and the Annual Accounts.

As a provider of community NHS services we receive the majority of our income from NHS commissioners (e.g. Clinical Commissioning Groups or CCGs in England and Local Health Boards in Wales) and a significant proportion from Local Authorities.

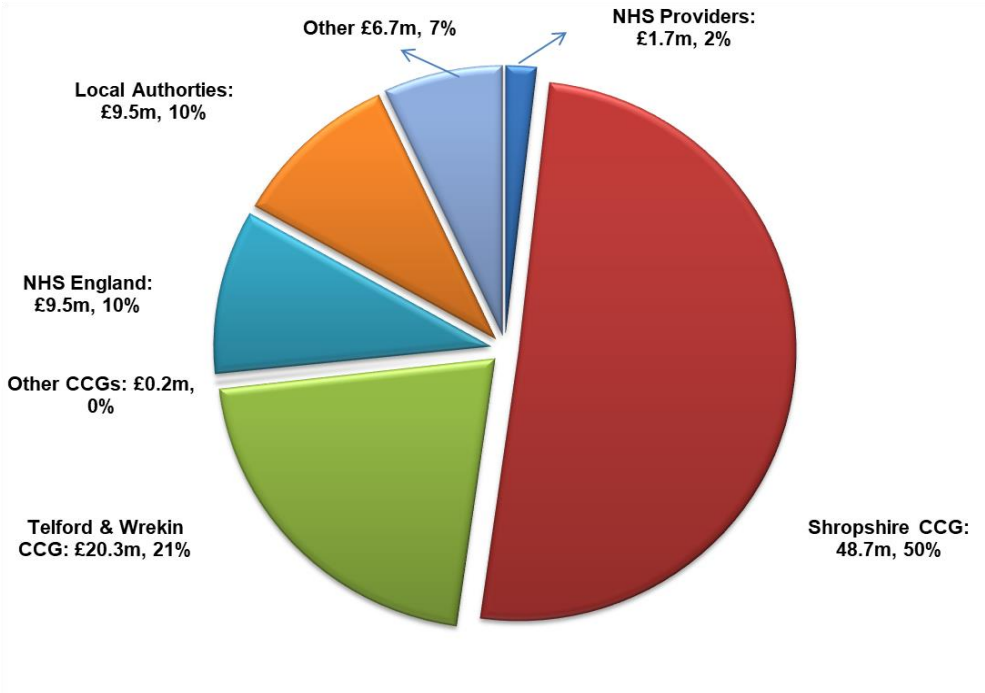
These commissioners purchase NHS care services from us for all age groups within the population they serve. This includes service such as district nursing, health visiting, rehabilitation, inpatient care at our community hospitals, outpatient appointments and home visits. We work closely with other Health and Care providers, such as the acute hospitals where our staff support discharge and ongoing care and with local authorities through our integrated health and social care teams.

For the 2020/21 year the Trust's total income was £96.6million.

The majority of our income came from our two main commissioners – Shropshire County CCG and Telford & Wrekin CCG – with additional funding coming from other organisations, such as NHS England who carry out specialist commissioning or local authorities for whom we provide services, such as the School Nursing Service.

For 2020/21 the national response to COVID included suspending the normal planning and contracting process and replacing it with nationally coordinated allocation of funds to allow organisations and health systems to breakeven, whilst meeting the additional financial pressures of responding to the pandemic.

The chart below shows where we get our money from:



The income we receive is used to fund the services we provide the most significant element of which is to pay our staff. In 2020/21 we spent about £96.1 million delivering services.

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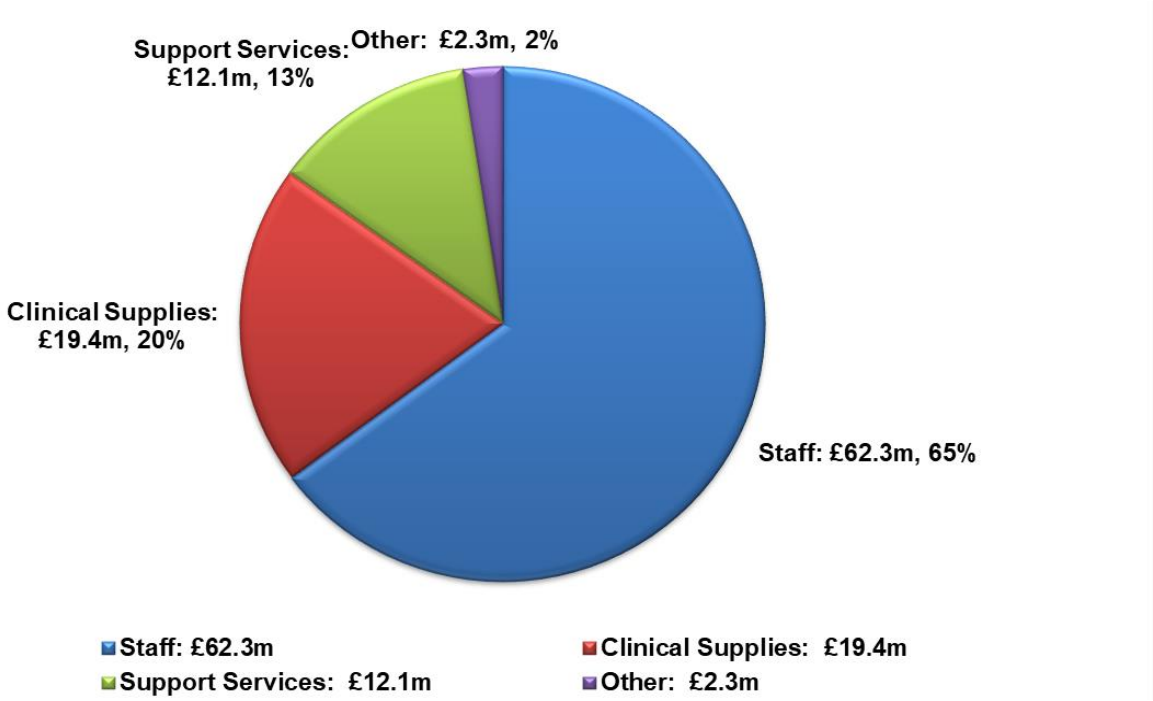
Overall spend has been summarised into four main areas below:

- **Our Staff** – this includes those who provide direct care (e.g. doctors, dentists, nurses, therapists, health visitors and healthcare assistants) as well as those people providing essential support and back office functions (e.g. catering, cleaning, admin, technical, HR and finance).
- **Support Services** – this refers to supporting services such as postage, telephones and staff training; non-clinical supplies (e.g. uniforms, linen, food and transport), and accommodation (e.g. rent, rates, water, gas and electricity).
- **Clinical Supplies** – such as drugs and dressings that are directly related to providing health care.
- **Other** – other essential costs such as depreciation, finance charges and our contribution to NHS Resolution risk-pooling schemes, including the Clinical Negligence Scheme for Trusts (CNST).

The chart below illustrates how we use the money we are given to provide services:



2020/21 Financial Results

Overall, in 2020/21 the Trust achieved a retained surplus of £476,000.

All financial targets, including our statutory financial duty, have been met for the year.

A more detail review of our finances can be found in the Annual Accounts section of this report.

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2020/21: A Performance Summary

It has been another challenging year, which has left us with plenty to celebrate whilst continuing to learn and improve.

We are an organisation with a strong track record of delivering against our key objectives and targets, and most significantly in the year just gone:

- The Trust has maintained its rating of Good overall for its services, working with the CQC to assess ourselves against the regulator's standards despite the impact of the pandemic.
- We met our planned financial targets and finished the year by achieving a surplus, as detailed above.
- We worked hard to make our services Covid secure and maintain quality of care during the pandemic.
- We continued to support strategic service change across the local health and care system by strengthen our relationship with commissioners and other partners. We engaged particularly with our local authorities and partners in mental health and primary care services to pilot new ways of working in our communities.

Key Challenges, Issues and Risks

We face a range of challenges and risks when planning and delivering our services. Some of the longer term challenges, issues and risks we have faced in 2020/21 include:

Changing need for health services: 24% of the population in the Shropshire Council area is 65 years and older, which is higher than the England average (17.6%). Increasingly, our patients are living longer with multiple long term conditions. Our over 85 population set to increase by 135% by 2037 which in turn increases the complexity of their needs. Across the county, the health and the needs of our population are very different. A recent study showed that the main issues affecting the health and wellbeing for the over 65s in the Shropshire Council area were levels of obesity and depression, alcohol consumption and loneliness. This will influence our future long term planning assumptions going forward.

Access to services: Shropshire is a largely rural area in contrast with the relatively urban area of Telford and Wrekin. This provides challenges to developing consistent, sustainable services with equity of access. There remains the need to reduce inequalities between patients in access to, and outcomes from healthcare services and to ensure services are provided in an integrated way where this might reduce health inequalities.

Workforce: National challenges are impacting on many NHS providers. In addition, workforce challenges for this Trust continue to be similar to other Trust's in rural counties where we experience difficulties in recruitment and retention due to the geographical location and spread of our services. Availability of a suitable substantive workforce has been an issue. Where we have had the need for temporary cover we have tried to as much as possible utilise bank staff, but in some cases we have had to deploy agency staff which is not ideal as it impacts on service delivery as well as having a financial impact.

Finances: The local health economy system is continuing to face significant financial pressure. To alleviate this pressure we are set some demanding financial savings targets to meet or challenging financial envelopes where services are tendered. We need to ensure that we continue to deliver services efficiently as possible, enabling reinvestment in patient care.

Our estate: The Trust continues to hold a diverse estate portfolio made up of both operational and non-operational buildings, spread over a wide geographical area. Some of it is also old or poorly positioned. This requires a lot of resources to ensure our facilities are fit-for-purpose and meet statutory and mandatory

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obligations whilst also facing the challenges of reducing our carbon footprint.

Use of Technology – As services transform and develop greater emphasis is needed on the use of technology in order for patients to receive optimum care. The Trust needs to keep pace with new technologies and also technology used by partners and the wider health and social care system not only so that the right information can be delivered at the right time to the right people, but supporting transformation change, such as mobile working, telehealth, patient wi-fi and shared care records.

System-wide transformation: The Trust is playing a key role in system-wide strategic planning. Sustainable community services are critical to support the delivery of the local system. Partnership working is key to implementing change through the Shropshire Sustainability and Transformation Plan.

System-wide transformation brings challenges if it should develop in such a way that could prevent the delivery of the Trust's long term clinical transformation strategy. The consequence of which could be that we would be unable to deliver care at a scale that can continue to deliver efficiencies

Our Board recognises the importance of effective risk management and our Board Assurance Framework details risks and controls related to all areas of quality and safety. Risk is discussed at every Board Meeting and also monitored down through the committees that report directly to the Board and through the services and teams throughout the organisation.

Performance and Managing Risk

Our Board is responsible for the corporate governance of the organisation by maintaining the quality and safety of care, setting the direction and standards, and ensuring that the necessary systems and processes are in place to deliver the objectives. The Trust's structures, systems and processes are key to ensuring that standards are upheld.

The Trust recognises the importance of effective risk management and our Board Assurance Framework (BAF) details risks and controls related to all areas of quality, safety and financial. A Corporate Risk Register is also held within the Trust for risks that are trust-wide but are not assessed as high enough to be on the BAF and are mainly operational risks that will be a contributory factor to the level of risk for entries on the BAF.

Risk is considered at every Board Meeting and also monitored down through the committees that report directly to the Board and through the services and teams throughout the organisation.

Performance is monitored to assure both our Board and also our commissioners and regulators that the services we are delivering are of high quality and meets the needs of our local population.

We monitor our performance against clear Key Performance Indicators (KPIs), which are aligned with workforce indicators, safer staffing metrics, patients and carer feedback, audit results, complaints and Patient and Advice Service (PALS) information and staff feedback.

The Trust has measures in place to address fraud, bribery and corruption, and security management issues. This includes the provision of Local Counter Fraud and Security Management Specialists.

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Our Priorities

We are committed to continue to improve the quality of our services and to continue to work in partnership with colleagues from across the health and care economy to develop and embed new models of care. These commitments, and the challenges described above, have shaped our transformation programme and our Strategic Priorities. For 2020/21 we identified the following priorities:

Priority one

Infection prevention and control (IPC) is everybody's business not least during a pandemic of this magnitude. IPC is fundamental to the safety of people who use our service, patients, children, young people, families, staff and visitors. In addition to existing standards for IPC, we will ensure IPC is responsive to national guidance and work with system partners to ensure a collaborative approach to IPC.

Measure of success

We will ensure we are 100% compliant with COVID specific guidance.

Outcome

- ✓ New guidance shared via twice weekly communication bulletin and via the COVID section on the Trust Staff Zone.
- ✓ Attendance by the Head of IPC at the local Health Economy Silver IPC Meeting
- ✓ A new local Health Economy IPC Nurse meeting, chaired by SCHT, provides support and guidance to IPC Nurses to ensure that new guidance is discussed, understood and implemented consistently across the local health economy.
- ✓ SCHT has an active IPC Link staff network where information and guidance is shared and disseminated across the Trust.
- ✓ IPC Board Assurance Framework completed and shared with the Trust Board and Committees
- ✓ An IPC annual programme of work has been developed to ensure that standards of IPC are maintained, and service improvement plans are developed where lapses have been identified via IPC visits or IPC audits.
- ✓ A programme of IPC self-audits is in place to ensure IPC compliance.

Priority two

At times of extreme pressures human factors can play a part in the potential for care to fall below standards our regulators, CQC, tell us care should not fall below. Our regulators continue to pause formal inspections and as importantly, informal core service engagement visits. In response to this in addition to our quality governance arrangements core service leads will undertake an internal self-assessment against CQC ratings and we will undertake a programme of quality assurance engagement visits during winter.

Measure of success

Completion of internal service led CQC self–assessment.

Completion of a minimum of 20 quality assurance engagement visits

Outcome

- ✓ 32 quality assurance engagement visits were completed by members of the quality team, service delivery groups and the CCG. Some areas of improvement were identified along with areas of good practice to celebrate. Plans are in place for improvements.
- ✓ Our clinical teams self-assessed their services against CQC domains using CQC rating descriptors. Overall, core

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services are maintaining good with the exception of Children & Young People (CYP) and the dental service who are accruing evidence to support attracting a possible rating of outstanding.
- ✓ Overall, remaining core services are maintaining good.
- ✓ Our clinical teams are supported to continue to ensure services are delivered in line with standards set out by our CQC regulator descriptors
- ✓ Clinical staff continue to be confident in understanding regulatory standards.
- ✓ We can evidence care we deliver is good and where there are opportunities services can become even better and evidence outstanding care provided.

Priority three

The impact of COVID-19 has been enormous requiring significant changes to NHS services never seen before. The need to adapt quickly and keep people safe became imperative and for the first time ever, the NHS stopped the majority of non-emergency services. Whilst our services are now restored, the temporary pause has inevitably resulted in delays and extended waiting times for some of our adults, children, young people and families. We will increase access to services for people; children and their families including prison healthcare, through the use the use of digital technology.

Measure of success

A further 25% of services will use of our virtual appointment system (Attend anywhere)

Outcome

- ✓ Approximately 85 clinicians across 13 of our services are using Attend Anywhere regularly
- ✓ At the end of the virtual consultation patients are automatically directed to a digital Friends and Family Test to capture their experience
- ✓ Virtual consultations are included in routine reporting via our Electronic Patient Record; RiO
- ✓ Attend Anywhere is also being used for virtual multidisciplinary meetings.
- ✓ Delays in patient consultations have been minimised where there are opportunities to do so.
- ✓ The experience of virtual consultations has been very positive from both service users and clinicians
- ✓ Teams are looking at how digital consultations will form part of business as usual going forwards to ensure we embed the learning from covid.

Priority four

Responding to people in crisis is an important part of health and social care. For some people responding to their needs and helping people to remain at home is the right thing to do. We will work with our social care partners to ensure people can remain in their usual place of residence, avoiding the need for admission into acute care where it is safe to do so.

Measure of success

Establishment of an admission avoidance service

Achievement of 100% response rate within 2 hours of referral to the service

Implementation of integrated documentation

Outcome

- ✓ The Shrewsbury Admission Avoidance Service which is jointly provided by Shropshire Council and the Trust was established as a Winter scheme; November 2020 to March 2021, having been piloted in Winter 2019/2020

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- ✓ 89% patients avoided either Emergency Department attendance or Hospital Admission and were supported safely at home by a combination of:
  - Rapid Clinical and Social Care Response
  - Joint working with GPs to achieve an urgent health assessment within 2 hours.
  - Urgent Nurse Health Assessment within 2 hours
- ✓ 100% 2 hour response target was achieved. As a multi-skilled service it has achieved one of the urgent response standards of the NHS long term plan.
- ✓ A clinical audit indicates that commencing clinical and social intervention within two hours of referral is key to diverting or avoiding ambulance conveyance to A&E.
- ✓ Without this rapid response these patients were more likely to present in A&E or be admitted.
- ✓ Integrated documentation was implemented allowing shared care records and IT access across Shropshire Council and the Trust, with ongoing work to enable full access and data sharing agreements.
- ✓ Positive patient and family feedback recognised in written responses to the team.

Priority five

Children and young people with special educational needs or disabilities (SEND) (or both) often receive a number of different services. These can be provided by nurseries, schools or colleges and specialist therapists, as well as professionals in education, health and social care. We recognise the need to work with our partners, including parents and carers, to identify areas for improvement and ensure services available for children and young people are well communicated.

Measure of success

- We will work with partners to agree and contribute to report timely relevant data on measures of success across the system to improve outcomes for children and young people with SEND.
- Identification of areas we need to improve.
- A clear offer of services through co - design in partnership with clinical staff, children and families who use our services and our partner organisations across Shropshire and Telford to improve services for children who require access to speech and language therapy assessment and intervention.

Outcome

- ✓ We are working in partnership with Local Authority and CCG SEND leads to agree a collective approach to the collation and presentation of SEND data.
- ✓ Co-production is an area identified where improvements are required. We are working in partnership with our health and social care colleagues to agree the model of co-production.
- ✓ We have re-modelled our speech and language therapy service offer in partnership with clinicians, partners, parents/carers, children and young people. We will launch the new model in July 2021.

Priority six

Our main systems and processes that enabled people who use our services to feedback on their experiences were also paused during the early NHS response to COVID. Hearing about the experiences of people who use our services is important to

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us and while some services created innovative ways to hear the voice of people who use our services, we want to restore this as another priority for winter.

Measure of success

Restoring the National Friends and Family Test (FFT) across all of our services

Outcome

- ✓ FFT resumed in December 2020 with lots of National changes. A successful awareness campaign was run explaining the changes, as well as training on the updated electronic patient feedback system.
- ✓ FFT from December 2020 to March 2021 averaged over 280 returns per month.
- ✓ FFT has been linked to the Attend Anywhere online consultations for direct feedback.
- ✓ More service users are using digital methods to complete FFT than pre-covid
- ✓ FFT scores have averaged over 97% for very good or good recommended scores since December 2020

In addition to restoring FFT we also achieved;

- ✓ The Feedback Intelligence Group, who scrutinise feedback, and the Patient and Carer Volunteer Group both resumed in October 2020 following a pause during the pandemic
- ✓ Children and Families SDG recruited 2 new volunteer representatives as well as increasing representation and engagement with young people.
- ✓ Patient, staff and carer stories have been used at Board and Service Delivery Groups since December in subject areas including Covid, the Black, Asian, Minority Ethnic network and dementia.
- ✓ In September 2020 the Community Trust won the National Patient Experience PENNA-Best Community Trust Award for our work with the Observe & Act feedback tool.

Priority seven

The wellbeing of our workforce is a key priority at all times not least in response to the impact of COVID. We will continue to make this another priority for winter. A component of helping people to feel well is ensuring people continue to feel confident and supported to talk about and raise issues about patient safety, that concern or worry them.

Measure of success

We will undertake two 'listening exercises' to take feedback from staff experience of working through COVID.

We will implement four emotional support sessions for clinical staff involved in caring for patients at end of life.

Outcome

- ✓ We undertook two listening exercises following the first wave of covid, so that we could understand and learn from staff experience. The learning from those conversations was used to improve staff experience during the second wave where we had to redeploy staff again. Following the success of the first set of events we ran further listening exercises during the second wave to ensure that our staff were well supported and that a continuous learning cycle was in process.
- ✓ We have provided weekly drop-in clinical supervision and support sessions for staff involved in caring for patients at end of life.

More details of the Trust's work to deliver its clinical and quality priorities can be found in our annual Quality Accounts published on our website.

In addition the Trust identified a number of other priority areas to work on, including:

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Delivering year-on-year efficiency requirements:

The work to improve efficiency continued to focus on increasing the productivity of the services, making best use of our estate and maximising the benefits from investments in IT.

Closer working with the other providers, the commissioners and the local authorities in our area has provided further opportunities to explore delivering services in a different way to further improve patient care and improve efficiency.

Implementing a programme of improvement to provide a range of optimal, fit for purpose accommodation and estate:

Our services operate from circa 75 locations across the Shropshire, Telford and Wrekin and we are consolidating and rationalising the estate to improve access. The pandemic has impacted significantly on our estate and how we view it's use, and part of our estates strategy going forward will rely on embedding the learning from the way we worked in response to it over the last year.

Our Estates Strategy is an important part of managing our resources and takes into account our mandatory obligations, the existing challenges associated with managing multiple facilities across a large geographical area and the need to support new models of care supporting patients closer to home and in keeping patients in their own home and out of an acute setting.

Patient Experience and Volunteers

The Trust continues to work in close partnership with our volunteers to gain feedback from a variety of methods across the Trust in order to improve patient experiences. Continuous revision and development of feedback methods is ensuring both qualitative and quantitative feedback. The Trust continues to strengthen the triangulation of data and scrutiny of feedback from a Trust and service perspective but also from a patient, carer, child and family perspective.

Patient, carer, child and family feedback continues to help improve services and celebrate success. Patient Carer Volunteers continue to help to maintain high quality services. The Trust continues to strive to evidence specific changes from our feedback, experiences and engagement.

Committees, groups, meetings, interviews and stakeholder panels at different levels across the Trust have had volunteer patient representatives. Trust volunteers have been instrumental in designing and continuously improving patient experience feedback tools used within the Trust and nationally. Volunteers also have helped facilitate the feedback and have been actively involved in the use of different tools such as Observe & Act and focus groups . The Trust is currently awaiting the outcome of an national Patient Experience PENNA Award nomination that the Trust has been shortlisted for.

Volunteers also undertake a joint important scrutiny role on the Trust Feedback Intelligence Group that triangulates and co-ordinates a wide variety of patient and staff feedback information.

The Trust also continues to improve other key feedback tools such as the Friends and Family Test process that often receives over a thousand responses each month and is reviewed through our electronic feedback system –IQVIA and our volunteers have supported this process.

Finally we continue to work closely also in both the local health economy and regionally with other partners such as the CCGs, other Trusts and NHS England and NHS Improvement on patient experience and equality and diversity issues.

Performance Report: Performance Overview

Listening to our patients and staff

A key part of driving forward improvement involves giving the people who use and provide our services a chance to tell us what we are doing well and what we need to do better, and making sure we listen to them when they do. It is also important we maintain a healthy cycle of communication by feeding back how this vital information is being acted on.

Compliments and Complaints

The compliments and complaints we receive are another valuable source of feedback about our services that we use to support our improvement plans. Between April 2020 and March 2021 we received 68 formal complaints (a decrease of 25 on the previous year) across all of our services. We have procedures in place to ensure we manage any complaints in line with national policy, including the "Principles of Good Complaints Handling" and "Principles of Remedy" set out by the Parliamentary and Health Service Ombudsman. By way of contrast, during the same period of time (2019/20), we received 230 compliments about our services.

Our Patient Advice and Liaison Service (PALS) handles a great deal of the contact we have with service users and their families.

In 2020/21 PALS dealt with 156 enquiries, a decrease of 27 on the previous year. This total also includes queries received by PALS that were unrelated to our services and where signposting to other organisations was appropriate.

Staff Experience

We are committed to ensuring that our staff feel valued and are able to give and receive feedback through a number of mechanisms.

The annual Staff Survey provides an opportunity to ask how staff feel and our most recent survey showed very positive results.

Our response rate was second only to 2019/20 and we were ranked amongst the best Community Trusts in the country for Equality Diversity and Inclusion and staff engagement for a second year.

Our staff also tell us that:

- They believe their role makes a difference to patients
- They would recommend our Trust as a good place to work
- Care of Service users and patients is our top priority

We have listened to our staff where they have told us that their experience could be better, and following detailed discussions about our results we have agreed three areas of focus for the coming year:

- Reducing time pressures and conflicting demands.
- Improving staff engagement in decision making.
- Reducing further incidence of bullying and harassment.

You can find the full NHS Staff Survey 2020 report at **www.nhsstaffsurveys.com**

The Environment and Sustainability

Our overall strategy is to make our buildings as energy efficient as possible with a realistic "payback period" for any expenditure incurred for efficiency measures. New buildings will be designed, as a minimum requirement, to meet relevant legislation on energy efficiency. Refurbishment work will include energy efficient lighting.

Our Estates Strategy incorporates the interrelationship with utilising Information Technology to drive agile working and focusing on driving better estate utilisation, patient accessibility, improved home life balance and therefore a reduction in our carbon footprint and sustainability. Our focus is to have less estate of higher quality that has a lower environmental impact, is focused on necessary valuing necessary physical interventions for healthcare and is a great place to visit and work.

Our current approach to procuring "Utility fuel" is to use a framework. This gives the Trust the advantage of buying on a much greater bulk than we could as an individual organisation. At each renewal point we will reassess and choose the right framework.

Performance Report: Performance Overview

The Trust does not have either the resource or expertise internally and needs to partner with an organisation that does. We currently have a strong working relationship with Midlands Partnership NHS Foundation Trust, whose Director of Estates and Facilities fills the same role for our organisation.

Saving and Investing

Once again we were set some challenging financial targets to meet, especially given the scarcity of resources in the current economic climate. Despite this, we were able manage our finances effectively and finished the year with a retained surplus of £476,000.

We recognise that the clinical and financial sustainability of our organisation is intrinsically linked to the development of new models of care and our ability to deliver these models and work in partnership with our health and social care partners. This will continue to be the focus of our planning for 2021/22.

Patricia Davies
Chief Executive
29 June 2021

Accountability Report: Corporate Governance Report

Directors Report

The Trust Board is responsible for the leadership, management and governance of the organisation and setting the strategic direction.

NHS Improvement (NHSI) appoints all of the organisation's Non-Executive Directors, including the Chair. The Chief Executive is appointed by the Chair and Non-executive Directors. The Executive Directors are recruited by the Chief Executive and supported by the Nominations and Remuneration Committee which is a wholly Non-Executive Director committee. This report provides information about the membership of our Board as at 31 March 2021.

Nuala O'Kane, Chair (Term: February 2019 to February 2023)

Nuala was CEO of the Donna Louise Trust Children's Hospice in Stoke on Trent from 2007 until 2014. Prior to that, she worked at Hope House Children's Hospice from 1994 until 2007. Nuala has worked in the voluntary sector for over 30 years for a number of different organisations. Nuala was a Councillor on Telford and Wrekin Council for 12 years until 2003. She was a Non-Executive Director of the Trust from July 2015 until her appointment as Chair in February 2019.

Attendance: 11 of 11

Peter Phillips, Non-Executive Director (Term: October 2013 to September 2021)

Peter has extensive private sector financial and commercial experience. He is a Fellow of both the Institute of Chartered Accountants in England and Wales and of the Association of Corporate Treasurers. Peter recently completed an eight-year term as Chairman of Arts Council England for the Midlands and until September 2019 he was a Board member of Housing Plus Group. He joined the Trust as a Non-Executive Director in 2013, becoming Vice Chair in February 2019. Peter is also the Senior Independent Director and Chair of the Trust's Audit Committee.

Attendance: 11 of 11

Harmesh Darbhanga, Non-Executive Director (Term: November 2018 to November 2023)

Harmesh brings a strong background of accountancy and financial management to the role, having spent more than 20 years working in senior roles at Wrexham County Borough Council. He also has extensive experience as a Non-Executive Director, including at The Shrewsbury and Telford Hospital NHS Trust. He joined the Trust as a Non-Executive Director in November 2018 and is the Chair of the Resource and Performance Committee. Harmesh is also the NED champion for Freedom to Speak Up and Diversity & Inclusion.

Attendance: 11 of 11

Accountability Report: Corporate Governance Report

Tina Long, Non-Executive Director (Term: November 2018 to November 2023)

Tina has over 40 years of experience in clinical and strategic nursing roles. She has worked as Chief Nurse of the Greater Manchester Health and Social Care Partnership until June 2019. Her appointment as a non-executive director brings her full circle, having started her career as a Ward Sister for the old Shropshire Health Authority in 1979. She joined the Trust as a Non-Executive Director in November 2018. Tina is the non-executive representative on the Quality, Equality and Inclusion Assessment (QEIA) Panel and is the NED champion for Emergency Planning.

Attendance: 10 of 11

Peter Featherstone, Non-Executive Director (Term: November 2018 to November 2023)

Peter has worked in the public sector in a variety of senior strategic development and service improvement roles, and is currently Programme Director for Children's Services at Haringey London Borough Council. He joined the Trust as a Non-Executive Director in November 2018. Peter is the Chair of the Quality & Safety Committee and NED champion for Mortality & Learning from Deaths.

Attendance: 10 of 11

Catherine Purt, Non-Executive Director (Term: July 2019 to June 2021)

Cathy has worked in both the private and public sector and has held Accountable Officer posts at two Clinical Commissioning Groups (CCGs) as well as Executive Director posts in Acute Hospitals. She has also worked for the European Commission in the Middle East, where she specialised in the delivery of healthcare projects to vulnerable communities. Cathy is also a trained chef and works sessionally in a cookery school. Cathy is the NED champion for Workforce

Attendance: 11 of 11

Mike McDonald, Associate Non-Executive Director (Term: Appointed July 2019 to June 2021)

Mike is a charity professional, including many years' leadership experience in Health and Social Care as a former Chief Executive of a children's hospice, working closely with Together for Short Lives and Hospice UK. Mike has also served as a Town Councillor and Mayor – and has over 20 years' experience in the corporate world, including finance and media. He is a Chartered Fellow of the Chartered Institute of Management and a Fellow of the Royal Society of Arts. Joining the Trust in 2019, Mike holds an MA in Leadership from Lancaster University. Mike is the NED champion for cyber security and is a non-voting member of the Board.

Attendance: 11 of 11

Accountability Report: Corporate Governance Report

David Stout, Chief Executive.

David has worked in the NHS for more than 35 years across commissioning and provider roles at both local and national levels. He has most recently been Interim Accountable Officer for Shropshire CCG and Interim Programme Director for the Shropshire Telford & Wrekin STP. He left the Trust on 31 March 2021 to take up a role supporting the wider integrated care system.

Attendance: 11 of 11

Steve Gregory, Director of Nursing and Operations (Appointed January 2014)

Steve is responsible for leading and managing clinical services. He is a Registered Nurse with a strong track record of modernising services and strongly believes in giving clinicians really good professional leadership and support. He has been involved in leading complex change programmes to support patients in better ways. He played a critical role in the leadership team that ensured South Staffordshire and Shropshire Healthcare became one of the first Mental Health NHS Foundation Trusts.

Attendance: 11 of 11

Dr Jane Povey, Medical Director (Appointed October 2018)

Jane is a GP by background and has lived in Shropshire for over 20 years, combining clinical work with medical leadership and management roles both locally and nationally. She was the first Medical Director of Shropshire County Primary Care Trust, and then moved on to be Medical Director (Primary Care) for West Midlands Strategic Health Authority. She has worked as Deputy Medical Director for the UK Faculty of Medical Leadership and Management for the past six years

Attendance: 8 of 11

Ros Preen, Director of Finance and Strategy (Appointed October 2015)

Ros is a member of the Chartered Institute of Management Accountants and has worked in NHS Healthcare for over 25 years, crossing sectors from acute, mental health and commissioning. Ros is responsible for setting the financial strategy and has taken IM&T, Informatics and Performance into her portfolio. Strategy was added to her portfolio in 2018.

Attendance: 11 of 11

Accountability Report: Corporate Governance Report

Sarah Lloyd, Associate Director of Finance (Appointed November 2018)

Sarah has extensive experience working in healthcare settings including mental health, commissioning and community services and is a member of the Chartered Institute of Management Accountants. She is an executive non-voting board member and is responsible for advising the Board and wider organisation on financial matters including financial governance and stewardship. Sarah is also the Trust lead for Contracting, Procurement, Operational Estates Services, Counter Fraud and Security Management. She is a non-voting member of the Board.

Attendance: 11 of 11

In addition to the Chair, non executive directors and voting directors the Trust also has some directors that are not members of the Board:

Director of People

From April to August 2020 this role was filled by **Jaki Lowe**, and from August 2020 the Trust's Director of People was **Victoria Rankin**. Victoria also has a role supporting workforce development for the wider Integrated Care System.

Director of Estates

Throughout 2020/21 the Trust's Director of Facilities and Estates was **Robert Graves**. Robert an employee of the Midlands Partnership NHS Foundation Trust and he provides us with estates management support under a service level contract.

Director of Governance

The role of Director of Governance was **Louise Brereton** from June 2020 to January 2021, and since January 2021 the role was filled on an interim basis by **Michael Wuestefeld-Gray**.

Each director confirms that as far as he/she is aware there is no information which would be relevant to the auditors for the purposes of their audit report, and of which the auditors are not aware, and has taken "all the steps that he or she ought to have taken" to make himself/herself aware of any such information and to establish that the auditors are aware of it.

Accountability Report: Corporate Governance Report

Committee Membership and Attendance

There are a number of key committees in place that help the Board to manage and monitor the organisation. The committee structure provides information and updates to the Board to contribute to its assessment of assurance.

Quality and Safety Committee

Role and Purpose:

The Quality and Safety Committee oversees the review of quality assurance on all aspects of quality. This includes reviewing information against the five quality domains of caring, responsive, effective, well-led and safety. The primary aim is to ensure the robustness of systems, processes and behaviours, monitor trends, and take action to provide assurance to the Board.

Membership & Attendance:

- Peter Featherstone (Chair) (10 of 10)
  Non-Executive Director
- Cathy Purt (9 of 10)
  Non-Executive Director
- Tina Long (9 of 10)
  Non-Executive Director
- Steve Gregory (9 of 10)
  Director of Nursing & Operations
- Dr Jane Povey (8 of 10)
  Medical Director
- Michael Wuestefeld-Gray (1 of 1)
  Director of Governance
- Jaki Lowe (4/4) / Victoria Rankin (5/6)
  Director of People

The Chairman, Chief Executive and all other Non-Executive Directors are invited to attend and other Executive Directors, senior managers, and health professional staff attend for specific items.

Audit Committee

Role and Purpose:

The Audit Committee provides an overarching governance role, including overseeing the adequacy of the Trust's arrangements for controlling risks and being assured that they are being mitigated. In order to do this it reviews the work of other governance committees, making sure the systems and controls used are sound.

Membership & Attendance:

- Peter Phillips (Chair) (5 of 5)
  Non-Executive Director
- Harmesh Darbhanga (Vice Chair) (5 of 5)
  Non-Executive Director
- Peter Featherstone (3 of 5)
  Non-Executive Director
- Tina Long (4 of 5)
  Non-Executive Director
- Mike McDonald (3 of 5)
  Associate Non-Executive Director

The Director of Governance is a standing attendee at the Audit Committee. All other Non-Executive Directors (excluding the Chairman) are invited to attend as are the External and Internal Auditors, and the Associate Director of Finance.

Other Executive Directors including the CEO and other senior managers of the Trust are regularly invited to attend meetings of the Audit Committee for specific items.

Accountability Report: Corporate Governance Report

Resource and Performance Committee

Role and Purpose:

The Resource and Performance Committee has delegated authority from the Board to oversee, co-ordinate, review and assess the financial and performance management arrangements within the Trust. The Committee assists in ensuring that Board members have a sufficiently robust understanding of key performance and financial issues to enable sound decision-making.

Membership & Attendance:

- Harmesh Darbhanga (Chair) (9 of 9)
  Non-Executive Director
- Cathy Purt (8 of 9)
  Non-Executive Director
- Peter Phillips (9 of 9)
  Non-Executive Director
- Mike McDonald (8 of 9)
  Associate Non-Executive Director
- Steve Gregory (8 of 9)
  Director of Nursing & Operations
- Sarah Lloyd (9 of 9)
  Associate Director of Finance
- Michael Wuestefeld-Gray (1 of 1)
  Director of Governance

The Chairman, the CEO, the Director of Finance & Strategy and all other Non-Executive Directors are invited to attend. Other Trust Directors and managers and health professional staff attend for specific items.

Nomination, Appointment and Remuneration Committee

Role and Purpose:

The Committee has an overall responsibility in respect of the structure, size and composition of the board and matters of pay and employment and the conditions of service for the Chief Executive, Executive Directors and Senior Managers.

Membership & Attendance:

- Nuala O'Kane (Chair) (9 of 9)
  Chairman
- Harmesh Darbhanga (9 of 9)
  Non-Executive Director
- Peter Phillips (8 of 9)
  Non-Executive Director
- Tina Long (8 of 9)
  Non-Executive Director
- Peter Featherstone (9 of 9)
  Non-Executive Director
- Cathy Purt (9 of 9)
  Non-Executive Director
- Mike McDonald (9 of 9)
  Associate Non-Executive Director

The Chief Executive and the Director of People attend the Committee in an advisory capacity, except where his/her own salary, performance or position is being discussed; on such occasions they must not be present during the meeting. The Director of Governance is a standing attendee for the Committee as well.

Accountability Report: Corporate Governance Report

Charitable Funds Committee

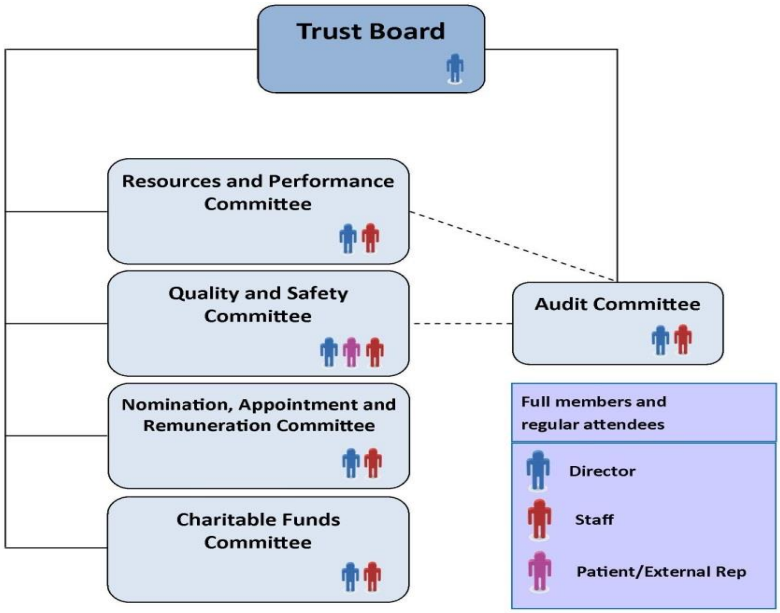
Role and Purpose:

The Charitable Funds Committee is responsible for managing and monitoring charitable funds held by the Trust on behalf of the Board.

Membership & Attendance:

- Nuala O'Kane (6 of 6)
  Chair
- Mike McDonald (6 of 6)
  Associate Non-Executive Director
- Sarah Lloyd (6 of 6)
  Associate Director of Finance
- Steve Gregory (6 of 6)
  Director of Nursing and Operations
- Michael Wuestefeld-Gray (2 of 2)
  Director of Governance

Other members of staff are invited to attend as required.



You can find more details about our governance structures and committees in the About Us (Who We Are) section of our website at **www.shropscommunityhealth.nhs.uk**

You can see a register of Board member and attendees' interests at https://www.shropscommunityhealth.nhs.uk/foi-lists-and-registers

Accountability Report: Corporate Governance Report

Statement of Directors' Responsibilities in Respect of The Accounts

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

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

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

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

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

By order of the Board.

Director of Finance
29 June 2020

Chief Executive
29 June 2020

Accountability Report: Corporate Governance Report

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

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

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

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

I can confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable and that I take personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

As far as I am aware there is no relevant audit information of which the entity'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.

Chief Executive

29 June 2020

Accountability Report: Corporate Governance Report

Governance Statement

Scope of responsibility

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

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 risks 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 Shropshire Community Health NHS Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Shropshire Community Health NHS Trust for the year ended 31 March 2021 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Board consists of the Chair, five Non-Executive Directors, and five voting Executive Directors. During the year there have been a number of attendees at the Board:

- an associate Non-Executive Director;
- the Director of People;
- the Director of Governance;
- the Director of Estates;

In February 2020 the Chief Executive Officer left the Trust and an Interim replacement was appointed in March 2020, who was in post until 31 March 2021.

The Board completed its self-assessment under the Well-Led Developmental Review Framework in April 2010. The findings of the self-assessment were amalgamated with the findings of the CQC well-led inspection (rated GOOD) and an improvement plan was put in place.

The Board has been supported by the five committees set out above throughout the year and these committees, except the Nominations and Remuneration Committee, provide reports to the Board, following their meetings:

The Board's prime roles are assurance, strategy and developing organisational culture. Its meetings cover comprehensive items on quality, finance and strategy. It receives a governance report at each meeting dealing with risk assessment and the Board Assurance Framework, and corporate governance compliance.

Accountability Report: Corporate Governance Report

The Board receives reports relating to Finance and Quality at each meeting. These are supported by a performance management framework which highlights to the Board any potential or actual problems in meeting its objectives.

All staff undertake a programme of training related to the risks they encounter with the work they carry out. Managers, supervisors and team leaders attend risk management training, which includes explanation and familiarisation with the Trust's risk management framework, and their roles in using it to identify and mitigate risk. Managers are supported by the Head of Governance and Risk, who provides guidance on all aspects of risk management.

The risk and control framework

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

The purpose of the risk and control framework is to ensure risk is managed at a level that allows the Trust to meet its strategic objectives. The system of internal control is based on an ongoing process designed to:

- Identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives,
- Evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- Where risk cannot be prevented to mitigate the consequences, e.g. by putting into place response plans, or provide deterrents e.g. awareness of sanctions relating to fraud.

The Risk Management Policy details the structure for the Trust's risk and control mechanisms. This includes the duties of individuals, groups and committees and the responsibility for the identification of risks, controls, further mitigation control and assurances.

The Quality and Safety Committee has the overall responsibility for the monitoring of the Trust's risk profile as it related to the quality and safety of services and the working environment.

The Resource and Performance Committee considers the detailed work and reports related to finance, business and cost improvements, performance indicators and contract monitoring performance indicators. It identifies any risks associated with these areas and reports these to the Board for inclusion in the risk management framework where it is appropriate to do so. It monitors the effectiveness of any controls in place and the implementation of further controls.

The Audit Committee, through its work programme, scrutinises the registers and risk management processes, seeking additional assurance where necessary.

The Audit Committee reviews the assurance that the Trust's internal control systems are effective by:

- Reviewing assurances relating to the Board Assurance Framework and Corporate Risk Register.
- Reviewing processes and performance related to Fraud and Security.
- Seeking and reviewing assurances from internal and external auditors.
- Reviewing financial systems.

The Trust's risk management arrangements are set out in the Risk Management Policy. This sets out how risks are identified, assessed and managed through the hierarchy of risk register levels, which are overseen in specific defined ways through the organisation, culminating in the Board overseeing the highest risks to achievement of strategic objectives (the Board Assurance Framework). The Audit Committee reviews and tests assurances with management related to the Board Assurance

Accountability Report: Corporate Governance Report

Framework entries. The Audit Committee reports its findings to the Board, which reviews the framework entries at each meeting. Internal Audit have reviewed the framework in place within the Trust during 2020/21 and have reported their findings as part of the Head of Internal Audit opinion.

Risks are identified through:

- The recording and investigation of incidents, complaints and claims.
- Specific group and committee sessions to identify and analyse risks.
- Clinical, internal and external audit.
- Other work carried out by groups and committees.
- External and internal reports and inspections.
- Other external bodies, e.g. commissioners, CQC.
- Being raised by individual managers and staff.
- Performance Management Framework reports
- Patient feedback

All risks are rated using a 5 by 5 risk matrix. Risk consequences are defined on the matrix using four categories:

- Injury or harm
- Finance
- Service delivery
- Reputation

Dependant on the rating, risks are recorded at four levels:

Departmental	Risks that are low level and can be managed locally Risks are monitored at team level, e.g. through team meetings
Directorate	Risks of a moderate level that impact on the directorate's service objectives Risks are monitored at divisional/directorate quality groups, and are overseen by the Quality and Safety Delivery Group, via a sub group which considers the risk in detail.
Corporate	Risks that are moderate but Trust-wide and have impact on the Trust's strategic objectives Risks are monitored by the Executive Team and overseen by the Audit Committee.
Board Assurance Framework	Significant risks to the Trust's corporate objectives Risks are monitored by the Board

Accountability Report: Corporate Governance Report

At each level the overseeing committee considers the risk potential, and the level of control in place, and decides whether a risk can be accepted. The mitigation controls are identified at all risk levels, along with any actions necessary to further control or mitigate the risks. The risk management policy identifies the groups and committees whose responsibility it is to monitor risks at the four levels, the effectiveness of their controls and the implementation of actions to further mitigate the risks. All risks are recorded on Datix, the Trust's risk management software.

Any service change is subject to a full Quality and Equality Impact Assessment (QEIA) process, monitored by the Quality and Safety Committee. This process identifies any risks, and any mitigation or change that needs to be put into place.

The Trust has in place a well-established incident reporting system and culture. All staff use an online form which is submitted to their line manager. Risk staff provide local training to services and have an overview of all incidents. Line Managers investigate the circumstances of all incidents; serious incidents follow a more formal route with Root Cause Analysis investigations which are scrutinised by the Incident Review and Lessons Learned Group. Learning and advice, including encouragement to report are publicised through the Trust's staff communication systems, include the staff newsletter and individual alerts to staff.

The Trust is fully compliant with the registration requirements of CQC.

The Trust has arrangements in place to manage Infection Prevention and Control and the Safeguarding of Children and Vulnerable Adults. These include external partnership arrangements with Local Authorities, Police and Shrewsbury and Telford Hospital Trust.

The Trust has not reported any Never Events during the year 2020/21.

The Trust is committed to openness and transparency in its work and decision making. As part of that commitment the 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 trust with reference to the guidance) within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance.

Board members are required to notify and record any interests relevant to their role on the Board. The register is presented to the Board for review at each meeting of the board or its Committees, members are asked to declare any interests in relation to agenda items being considered, abstaining from involvement if required, and advise the Company Secretary of any new interests which need to be included on the register.

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

Plans are being formulated to carry out risk assessments and to put into place a sustainable development management plan which takes account of UK Climate Projections 2018 (UKCP18). The trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with. The trust is fully compliant with the registration requirements of the Care Quality Commission.

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

Accountability Report: Corporate Governance Report

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

NHS Trusts are required to deliver statutory and other financial duties. For the year ended 31 March 2020, the Trust met these duties, as summarised below, and set out in more detail within the financial statements:

- to break-even on Income & Expenditure – achieved
- to maintain capital expenditure below a set limit - achieved
- to remain within an External Financing Limit (EFL) - achieved

Within this, the Trust faced significant challenge in delivering the efficiency programme for the year, with plans remaining under development throughout most of the year. However, the target was met by year end, with non-recurrent measures replacing in-year shortfalls in recurrent initiatives where required. Whilst this area remains a significant challenge, the Trust's transformational approach to generate and implement efficiency measures has been revised and strengthened.

Checking the correct discharge of statutory functions is managed via the Trust risk management system. No areas of non-compliance have been identified.

The Resource and Performance Committee monitor resources at its monthly meeting and prepare a report for each Board meeting. Financial systems are audited by the Trust's Internal Auditors, consistently gaining a rating of either full or substantial assurance.

The Trust monitors performance against quality standards via a performance framework, reporting through Board committees to the Board. These standards include quality of care, efficiency of service delivery, performance against national standards, contract delivery and finance. Where indicated recovery plans are formulated, actioned and monitored.

The Trust has a strong track record in relation to Value for Money and no matters have been brought to the attention of our External Auditors in this regard.

Fraud

The Trust has been rated as ‘green’ overall on anti-fraud arrangements, which means the Trust meets the requirements of national anti-fraud standards.

Information Governance

The Trust has robust measures in place to protect both paper and electronic personal confidential data held by the Trust.

The Trust completes the Data Security and Protection Toolkit (DSPT) which sets out the National Data Guardian’s (NDG) data security standards. By completing this Toolkit self-assessment the Trust provides evidence to demonstrate that it is working towards or meeting the NDG standards. The NDG standards are aligned to the General Data Protection Regulation (GDPR) and the Data Protection Act 2018.

Through the Information Governance reporting framework the Trust Board receives assurance that progress is being made and is also notified of any risks regarding data protection and security. Information Governance Operational groups include specialist members of staff who can support assessment and testing of the robustness of the systems employed. All Trust issued electronic

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devices issued by the Trust are encrypted and have their access appropriately managed to protect against unauthorised personnel accessing data.

The Trust reported one serious incident regarding a data breach to the Information Commissioner's Office (ICO) in March 2021. The incident was investigated and the ICO took no further action against the Trust.

Data quality and governance

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

This account looks back at performance in the last year and sets priorities for the following year. The Board approves the account prior to publication. Arrangements are in place via service delivery groups and trust wide groups to report quality and safety matters to the Quality and Safety Committee, which in turn reports to the Board. This includes progress against the priorities set out in the Quality Account.

Shropshire Community Health NHS Trust recognises the importance of reliable information as a fundamental requirement for the speedy and effective treatment of patients.

Data quality is crucial and the availability of complete, accurate and timely data is important in supporting key functions such as patient care and healthcare planning.

The following are some of the key points that support data quality processes:

- Data quality checks using a wide spectrum of measures and indicators, which ensure that data is meaningful and fit for purpose.
- Data Quality/Validation exercises are undertaken with services on both a regular and ad hoc basis.
- Functionality within RiO, the Trust's main clinical system, allows services to monitor and manage certain data quality items real time and manage waiting lists and Referral to Treatment via the front end.
- Compliance with the Data Security and Protection Toolkit.
- An Information Quality Assurance policy exists defining roles and responsibilities for data quality including audits.
- There is a Data Quality Sub Group that reports to the Information Governance Operational Group
- Information Systems and any associated procedures are updated in line with national requirements e.g. Information Standards Board (ISB) notifications.
- External Data Quality metrics are reviewed and recovery plans implemented where the position is off track.
- Data Quality KPIs are reported through sub groups and to Committees/Board.

Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the information provided in this annual report and other performance information available to me. My

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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, the Quality and Safety Committee and the Resource and Performance Committee. A plan to address weaknesses and ensure continuous improvement of the system is in place.

Review of the effectiveness of risk management and internal control

Overall, the Head of Internal Audit's opinion is of **Moderate Assurance** that there is sound system of internal control, designed to meet the Trust's objectives and that controls are being applied consistently. "Moderate assurance" means that the auditors are satisfied from the evidence they have seen that the Trust is complying with its obligations and delivering its objectives.

In forming that view the Internal Auditors have taken into account that:

- The Trust has a sound financial position, with a break-even position for 2020/21
- They have issued a Limited Opinions regarding Conflicts of Interests and no high risk findings
- All of the other internal audit reports this year which contained an opinion, have provided substantial or moderate assurance, including two with substantial assurance on design (RiO system and Sickness Management).

The Head of Internal Audit's view is that if the Trust continues this level of improvement it could move closer to achieving substantial assurance overall. However, Covid 19 presents control challenges for all Trusts and this may be reflected in their audit work next year.

The Trust has accepted the recommendations made by auditors in respect of all of the internal audit reviews during the year and has put in place action plans to address the recommendations made. These recommendations are tracked for completion and re-audited where appropriate.

The systems for providing assurance that risks are being managed effectively are monitored by the Audit Committee. Assurance sources include:

- Audit Committee programmes and reviews
- Internal and External Audits
- Counter Fraud and Security Management
- Risk Management Reports
- Staff and Patient Surveys
- Clinical Audit Reports
- CQC Self-Assessment, inspections and reviews
- Counter Fraud Reports
- Management Reports
- Performance and Quality Reports
- Review of Governance Arrangements
- Ensuring that policies and procedures are embedded and acted on locally

The above and any other sources of assurance are reviewed by the Trust Board, Audit Committee, Resources and Performance Committee, Quality and Safety Committee and individual members of staff who contribute to the system for internal control.

On monitoring departmental risk registers, a regular deep dive on risk registers status, themes and effectiveness is presented to the Audit Committee. Staff regularly receives training on risk promoting

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consistence on risk rating scoring as well as embedding a risk culture across the Trust. A visible link between Board Assurance Framework and Corporate Risk Register risks have been put in place to monitor inter-related risks status and movement.

Following review of the above the Audit Committee has confirmed that there is an effective risk management process in place.

Conclusion

No significant control issues have been identified for the year ended 31st March 2020.

The Trust has however activated its business continuity plans with other partners to respond to the Covid19 pandemic.

NHS England is responsible for leading the mobilisation of the NHS in the event of an emergency or incident and for ensuring it has the capability for NHS command, control, communication and coordination and leadership of all providers of NHS funded care. The Local Health Resilience Partnerships (LHRP) oversee health pandemic preparedness and act as a conduit for health to engage with the Local Resilience Forum (LRF) preparedness arrangements. Clinical Commissioning Groups (CCGs), Public Health England (PHE) and the Directors of Public Health (DsPH) in local authorities also have roles to play in pandemic influenza resilience in planning, response and recovery. The Trust has also put into action its business continuity and emergency planning policy which has previously been routinely tested.

The Trust undertook business and environment risk assessments, and mitigations were developed on service activities that continued to be impacted by the coronavirus pandemic. National guidance and communication to staff continue to be disseminated on a regular basis through Trust-wide communication channels. Human Resources also regularly monitor and provide updates on staff absenteeism. Non-clinical staff continue to be able to work remotely and assurance meetings continue to be held through Microsoft Teams including Board and Committees.

Chief Executive
29 June 2020

Accountability Report: Corporate Governance Report

Modern Slavery Act 2015 – Annual Statement for 2020/21

Background

The Modern Slavery Act was passed into UK law on 26th March 2015. The Act introduces offences relating to holding another person in slavery, servitude and forced or compulsory labour and about human trafficking. It also makes provision for the protection of victims.

Organisations such as Shropshire Community Health NHS Trust, that supply goods or services, and have a total turnover of £36m or more are required under Part 6, (Transparency in supply chains), to publish an annual statement setting out the steps that they have taken to ensure that slavery and human trafficking do not exist in their business OR their supply chains.

Shropshire Community Health NHS Trust

Shropshire Community Health NHS Trust provides community health services from well over 50 bases within Shropshire and the West Midlands.

We are committed to ensuring that there is no modern slavery or human trafficking in any part of our activity and where possible, to requiring our suppliers to subscribe to a similar ethos. Any incidence will be acted upon immediately, and any required local or national reporting carried out.

All consumable goods and most contracts are purchased through Shropshire Healthcare Procurement Service (SHPS), a consortium of Shropshire healthcare providers, hosted by the Shrewsbury and Telford Hospitals NHS Trust.

Estates maintenance services are provided by Midlands Partnership NHS Foundation Trust for Trust properties, with the exception of some larger properties shared with multiple healthcare providers which are managed by NHS Property Services.

Arrangements in place

Procurement: All contracts established by SHPS use either NHS Framework Agreements for the Supply of Goods and Services, the NHS Terms and Conditions for Supply of Goods, or the NHS Terms for Supply of services. All have Anti-Slavery clauses, which require providers/contractors to comply with Law and Guidance, use Industry Good Practice and to notify the authority if they become aware of any actual or suspected incident of slavery or human trafficking.

In addition to the above SHPS will investigate any concern raised with the service. This could be by national or local media publicity, through supply chain contacts or by individuals.

Estates: Midlands Partnership NHS Foundation Trust, our provider of estates services, have produced a statement regarding slavery setting out measures they have in place to ensure that slavery and trafficking do not exist in their activity.

Employment: As an NHS Employer we are required to comply with the NHS employment check standard for all directly recruited staff.

The six checks which make up the NHS Employment Check Standards are:
1. Verification of identity checks
2. Right to work checks
3. Professional registration and qualification checks
4. Employment history and reference checks
5. Criminal record checks
6. Occupational health checks

No individual is permitted to commence employment with the Trust without these checks having been completed. The checks are carried out centrally by the recruitment team and recorded on the Trust workforce information system (ESR).

Accountability Report: Corporate Governance Report

All recruiting managers are trained in safer recruitment practices. Where other staffing methods (e.g. agency) are used, contracts include a requirement to comply with the NHS employment check standard.

Training and Awareness: All SHPS staff have, or are working towards, professional purchasing qualifications.

The issues relating to Modern Slavery have been raised through articles in the Trust staff magazine Inform and by other briefing mechanisms. These will be repeated periodically. If staff have concerns about the supply chain or any other suspicions related to modern slavery they will be encouraged to raise these concerns through line management and report the issues to appropriate agencies. This will be raised particularly with clinical staff that may be in contact with vulnerable people.

Conclusion

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for the financial year ending 31 March 2021.

Accountability Report: Remuneration & Staff Report

Remuneration Report

This report describes the remuneration of Very Senior Managers (VSM) at the Trust, namely members of the Board.

The remuneration of the Chair and Non-Executive Directors is determined during the year by NHS Improvement (NHSI), which is responsible for non-executive appointments to NHS trusts on behalf of the Secretary of State for Health.

Remuneration of the Chief Executive and Trust Directors takes place within the interim *Guidance on Pay for Very Senior managers in NHS Trusts and Foundation Trusts*, issued March 2018.

The combined population of Shropshire and Telford & Wrekin is used as a guide for setting the salary of the Chief Executive. Other VSM salaries are determined as a proportion of the Chief Executive salary as defined in the *Guidance*, although flexibility is exercised in recruiting to hard-to-fill director posts. VSM salaries are scrutinised and approved by the Nomination, Appointments and Remuneration Committee (more details about this committee can be found in the Corporate Governance Report).

Performance review and appraisal of the Chair was undertaken during the year by the Chair of NHSI on behalf of the Secretary of State for Health in accordance with appraisal guidance provided by the NHSI. Performance review and appraisal of Non-Executive Directors is carried out by the Chair with guidance provided by NHSI. Performance review and appraisal of the Chief Executive is carried out by the Trust Chair in accordance with criteria set by the Remuneration Committee and guidance from the Department of Health. Performance review and appraisal of Directors is carried out by the Chief Executive in accordance with criteria set by the Remuneration Committee and guidance from the Department of Health.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid Director/Member in their organisation and the median remuneration of the organisation's workforce. The information provided on 'pay multiples' is subject to audit.

More detail about the salary and pension entitlements for the Trust's VSMs for the year 2020/21 can be found in the Annual Accounts section of this report.

Accountability Report: Remuneration & Staff Report

Senior Manager Remuneration

The table below shows details about remuneration for 2020/21 (this information is subject to audit).

Remuneration : 2020/21							
Name and title	Dates in Post	Salary (bands of £5,000)	Taxable expense payments (to nearest £100)	Performance pay & bonuses (bands of £5,000)	Long term performance pay/bonuses (bands of £5,000)	All pension related benefits (bands of £2,500)	Total (bands of £5,000)
		£000	£00	£000	£000	£000	£000
David Stout (Chief Executive)	01/04/20-31/03/21	145-150				0	145-150
Ros Preen (Director of Finance and Strategy)	01/04/20-31/03/21	90-95				30.0-32.5	120-125
Jane Povey (Medical Director)	01/04/20-31/03/21	110-115				27.5-30.0	160-165
Steve Gregory (Director of Nursing & Ops)	01/04/20-31/03/21	110-115				0	110-115
Sarah Lloyd (Associate Director of Finance)	01/04/20-31/03/21	90-95				22.5-25.0	110-115
Jaki Lowe (Director of People)	01/04/20-23/08/20	25-30				12.5-15.0	40-45
Victoria Rankin (Director of People)	23/08/20-31/03/21	40-45				0	40-45
Louise Brereton (Director of Governance)	20/07/20-07/01/21	40-45				10.0-12.5	50-55
Michael Wuesterfeld-Gray (Director of Governance)	07/01/21-31/03/21	25-30				0	25-30
Nuala O'Kane (Chairman)	01/04/20-31/03/21	25-30				0	25-30
Peter Phillips (Non-Executive Director)	01/04/20-31/03/21	10-15				0	10-15
Harmesh Darbhanga (Non-Executive Director)	01/04/20-31/03/21	10-15				0	10-15
Peter Featherstone (Non-Executive Director)	01/04/20-31/03/21	10-15				0	10-15
Tina Long (Non-Executive Director)	01/04/20-31/03/21	10-15				0	10-15
Cathy Purt (Non-Executive Director)	01/04/20-31/03/21	10-15				0	10-15
Mike McDonald (Non-Executive Director)	01/04/20-31/03/21	10-15				0	10-15

Notes

1. All pension related benefits comprises the NHS Pensions Agency assessment of future pension benefits, excluding inflation, less employee contributions.

2. There was no remuneration waived by directors or allowances paid in lieu to directors in 2020/21.

3. There were no payments/awards to past directors, or compensation on early retirement or loss of service.

4. Jaki Lowe left the employment of the Trust on 23rd August 2020.

5. Louise Brereton left the employment of the Trust on 7th January 2021.

Accountability Report: Remuneration & Staff Report

The table below shows details about remuneration for 2019/20 (this information is subject to audit).

Remuneration : 2019/20							
				Performance	Long term	All pension	
Name and title	Dates in Post	Salary	Taxable	pay &	performance	related	
		(bands of	expense	bonuses	pay/bonuses	benefits	Total
		£5,000)	payments (to	(bands of	(bands of	(bands of	(bands of
			nearest £100)	£5,000)	£5,000)	£2,500)	£5,000)
		£000	£00	£000	£000	£000	£000
Jan Ditheridge (Chief Executive)	01/04/19-01/03/20	135-140				30.0-32.5	165-170
David Stout (Chief Executive)	01/03/20-31/03/20	10-15				0	10-15
Ros Preen (Director of Finance and Strategy)	01/04/19-31/03/20	100-105				5.0-7.5	105-110
Mahadeva Ganesh (Acting Medical Director)	01/08/19 - 31/10/19	35-40				10.0-12.5	50-55
Jane Povey (Medical Director)	01/04/19-31/03/20	80-85				5.0-7.5	85-90
Steve Gregory (Director of Nursing & Ops)	01/04/19-31/03/20	110-115				0	110-115
Sarah Lloyd (Associate Director of Finance)	01/04/19-31/03/20	85-90				87.5-90.0	175-180
Jaki Lowe (Director of People)	01/04/19-31/03/20	95-100				27.5-30.0	125-130
Nuala O'Kane (Chairman)	01/04/19-31/03/20	25-30				0	25-30
Peter Phillips (Non-Executive Director)	01/04/19-31/03/20	5-10				0	5-10
Harmesh Darbhanga (Non-Executive Director)	01/04/19-31/03/20	5-10				0	5-10
Peter Featherstone (Non-Executive Director)	01/04/19-31/03/20	5-10				0	5-10
Tina Long (Non-Executive Director)	01/04/19-31/03/20	5-10				0	5-10
Cathy Purt (Non-Executive Director)	01/07/19-31/03/20	5-10				0	5-10
Mike McDonald (Non-Executive Director)	01/07/19-31/03/20	5-10				0	5-10

Notes

1. All pension related benefits comprises the NHS Pensions Agency assessment of future pension benefits, excluding inflation, less employee contributions.

2. There was no remuneration waived by directors or allowances paid in lieu to directors in 2019/20.

3. There were no payments/awards to past directors, or compensation on early retirement or loss of service.

4. Jan Ditheridge left the employment of the Trust on 1st March 2020.

Accountability Report: Remuneration & Staff Report

Pension Entitlements

The table below shows information about pension entitlements (this information is subject to audit).

Pension entitlements 2020/21								
Name and title	Dates in Post	Real increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March 2021 (bands of £5,000)	Lump sum at pension age re accrued pension at 31 March 2021 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2020	Cash Equivalent Transfer Value at 31 March 2021	Real increase in Cash Equivalent Transfer Value
		£000	£000	£000	£000	£000	£000	£000
David Stout (Chief Executive)	01/04/20-31/03/21	0	0	0	0	0	0	0
Ros Preen (Director of Finance and Strategy)	01/04/20-31/03/21	0.0-2.5	0.0-2.5	40-45	85-90	725	784	33
Jane Povey (Medical Director)	01/04/20-31/03/21	0.0-2.5	0.0-2.5	25-30	65-70	495	547	24
Steve Gregory (Director of Nursing & Ops)	01/04/20-31/03/21	0.0-2.5	0.0-2.5	55-60	165-170	1,170	1,225	20
Sarah Lloyd (Associate Director of Finance)	01/04/20-31/03/21	0.0-2.5	0	30-35	70-75	569	614	23
Jaki Lowe (Director of People)	01/04/20-23/08/20	0.0-2.5	0	10-15	5-10	145	174	27
Victoria Rankin (Director of People)	23/08/20-31/03/21	0	0	0	0	0	0	0
Louise Brereton (Director of Governance)	20/07/20-07/01/21	0.0-2.5	0	10-15	0	86	103	4
Michael Wuesterfeld-Gray (Director of Governance)	07/01/21-31/03/21	0	0	0	0	0	0	0

Notes

1. As Non-Executive directors do not receive pensionable remuneration, there are no entries in respect of pensions for these directors.
2. There are no additional benefits that will become receivable by the individual if they retire early.
3. There were no employer's contributions to stakeholder pensions.
4. Jaki Lowe left her role as Director of People on the 23rd August 2020 the real increase is only for the proportion relating to this post.
5. Louise Brereton left her role as Director of People on the 23rd August 2020 the real increase is only for the proportion relating to this post.
6. David Stout left the Pension Scheme in 2019/20
7. Victoria Rankin and Michael Wuesterfeld-Gray are not in the Pension Scheme
8. **Cash Equivalent Transfer Values:** A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's (or other allowable beneficiary's) pension payable from the scheme. CETVs are calculated in accordance with SI 2008 No.1050 *Occupational Pension Schemes (Transfer Values) Regulations 200823*.
9. **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

Accountability Report: Remuneration & Staff Report

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

Accountability Report: Remuneration and Staff Report

Fair pay disclosures

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid Director/Member in their organisation and the median remuneration of the organisation's workforce. The information provided on 'pay multiples' is subject to audit.

The banded remuneration of the highest paid Director/Member in Shropshire Community Health NHS Trust in the financial year 20/21 was £147,500* (2019/20 - £137,500). This was 4.7 times (2019/20 - 4.5) the median remuneration of the workforce, which was £31,410 (2019/20 - £30,112).

The total remuneration of the highest paid Director/Member rose in 2020/21 because a new interim CEO was appointed at the start of the financial year.

(*Banded remuneration is the mid-point between £145,000 and £150,000, which is the band within which the remuneration of the highest paid Director falls).

In 2020/21, two (2019/20, one) employees received remuneration in excess of the highest paid Director/Member. Remuneration ranged from £18,005 to £175,662 (2019/20 £18,005 to £170,411).

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

Accountability Report: Remuneration and Staff Report

Staff Report

We employ nearly 1,600 people who provide a wide range of services from locations across Shropshire, Telford & Wrekin and surrounding areas.

This report provides information about the make-up of our workforce, which at the end of the year 2018/19 had a headcount of 1,585.

	Female		Male		All	
	FTE	Headcount	FTE	Headcount	FTE	Headcount
Directors	4.64	5	4	4	9.5	9
Senior Managers	40.9	48	18.1	19	61.8	67
Band 8A	26.8	33	11.1	12	40.5	45
Band 8B	6.4	7	6.0	6	11.6	13
Band 8C	6.9	7	1.0	1	8.9	8
Band 8D	0.8	1	0.0	0	0.8	1
Band 9	1.0	1	0.0	0	0.8	1
Other Staff	1017.2	1311	107.0	130	1128.9	1441
All Employees	**1104.7**	**1413**	**147.2**	**172**	**1251.8**	**1585**

Staff Numbers

Average number of employees (WTE basis)				
			2020/21	**2019/20**
	Permanent	**Other**	**Total**	**Total**
	Number	**Number**	**Number**	**Number**
Medical and dental	23	0	**24**	23
Ambulance staff	0	0	**0**	0
Administration and estates	374	16	**390**	362
Healthcare assistants and other support staff	222	20	**242**	235
Nursing, midwifery and health visiting staff	487	36	**522**	520
Nursing, midwifery and health visiting learners	11	0	**11**	4
Scientific, therapeutic and technical staff	195	8	**203**	192
Healthcare science staff	2	0	**2**	2
Social care staff	0	0	**0**	0
Other	7	0	**7**	7
Total average numbers	**1,320**	**81**	**1,400**	**1,345**

Accountability Report: Remuneration and Staff Report

Staff Costs (the analysis of staff costs below is subject to audit)

Staff costs				
			2020/21	2019/20
	Permanent	Other	Total	Total
	£000	£000	£000	£000
Salaries and wages	45,021	1,663	**46,684**	43,170
Social security costs	3,901	0	**3,901**	3,571
Apprenticeship levy	206	0	**206**	192
Employer's contributions to NHS pension scheme	8,667	0	**8,667**	8,091
Pension cost - other	14	0	**14**	10
Other post employment benefits	0	0	**0**	0
Other employment benefits	0	0	**0**	0
Termination benefits	0	0	**0**	0
Temporary staff	0	2,686	**2,686**	2,281
Total gross staff costs	**57,809**	**4,349**	**62,158**	**57,315**
Recoveries in respect of seconded staff	0	0	**0**	0
Total staff costs	**57,809**	**4,349**	**62,158**	**57,315**

Staff Sickness Absence

For 2020/21 staff sickness absence data is not required to be disclosed in the annual report. This data will be published by NHS Digital and can be found following the below link:

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

Diversity & Inclusion

We have developed an Equality, Diversity and Human Rights Strategy with our staff, patients and volunteers. One of our key objectives is to grow diversity support networks for staff. To date, we have offered staff from particular protected characteristics the opportunity to share their experiences through listening events and an event that was facilitated by Yvonne Coghill, Director - Workforce Race Equality Standard Implementation, NHS England. The information gathered from these events will help us formulate next steps.

Our Human Resources policies are developed with our values in mind and in particular our Safer Recruitment Policy and supporting management training is designed to eliminate discrimination on all grounds, which include disability. The policy includes the following provisions:

- Guaranteed interview if declaring a disability and meet the essential criteria of the job specification.
- Any required adaptations for interview are made.
- Values-based recruitment. (the training for Values based interviewing includes unconscious bias)
- In terms of continued employment we make every effort to retain employees if they are disabled or become disabled. The Managing Attendance policy promotes reasonable adjustments for individuals as required.

Our Policy and Procedure on Equality and Diversity 'Everyone Counts' explains how the Trust will not discriminate against any member of staff with regards to training, promotion and career development.

We continue to run diversity- and inclusion-focussed feedback and awareness sessions. These involve volunteers and representatives from protected characteristic groups. These include service visits and observations. We also run a number of initiatives focussed on volunteers and service users with dementia.

Accountability Report: Remuneration and Staff Report

Trade Union Facility Time

Table 1: Relevant union officials

What was the total number of your employees who were relevant union officials during the relevant period?

Number of employees who were relevant union officials during the relevant period	*Full-time equivalent employee number*
12	10.03

Table 2: Percentage of time spent on facility time

How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

Percentage of time	*Number of employees*
0%	1
1-50%	11
51%-99%	0
100%	0

Table 3: Percentage of pay bill spent on facility time

Provide the figures requested in the first column of the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

First Column	*Figures*
Provide the total cost of facility time	*£19,140*
Provide the total pay bill	*£53,005,621*
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	*0.04%*

Table 4: Paid Trade Union activities

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

Time spent on paid trade union activities as a percentage of total paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	*7.88%*

Accountability Report: Remuneration and Staff Report

Off-Payroll Arrangements

The table below shows arrangements that the Trust had during the year with individuals who provided services for which they were paid on a self-employed basis or through their own companies. Employment through agencies is not included. Only arrangements lasting six months or more, with a value of more than £245 per day, are shown.

Table 1: Off-payroll engagements longer than 6 months

For all off-payroll engagements as of 31 March 2019, for more than £245 per day and that last longer than six months:

	Number
Number of existing engagements as of 31 March 2019	0

The standard contract for self-employed workers contains binding clauses requiring the contractor to comply with all relevant statutes and regulations relating to income tax and national insurance contributions in respect of fees paid by the Trust, and indemnifying the Trust against any liabilities incurred in respect of such contributions. It also requires the contractor to demonstrate to the Trust his/her compliance with such legislation on request.

The contractor's agreement to these terms is judged to constitute an appropriate level of risk assessment and management.

Table 2: New Off-payroll engagements

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2018 and March 2019, for more than £245 per day and that last for longer than six months

	Number
No. of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019	1
Of which...	
No. assessed as caught by IR35	1
No. assessed as not caught by IR35	0
No. engaged directly (via PSC contracted to department) and are on the departmental payroll	1
No. of engagements reassessed for consistency / assurance purposes during the year.	1
No. of engagements that saw a change to IR35 status following the consistency review	0

Accountability Report: Remuneration and Staff Report

Table 3: Off-payroll board member/senior official engagements

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2018 and 31 March 2019

	Number
Number of off-payroll engagements of board members, and/or senior officers with significant financial responsibility, during the financial year.	0
Total no. of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure must include both on payroll and off-payroll engagements.	0 off-payroll 16 on payroll

There are no off-payroll arrangements for Board members. There are currently 11 Board members as set out earlier in this report. The disclosure above showing 16 individuals reflects changes during the year where five officers held post for part of the year.

Exit Packages

The information relating to Exit Packages is subject to audit. Redundancy and other departure costs are paid in accordance with the provisions of NHS Agenda for Change rules on pay. Exit costs are accounted for in full in the year of departure. Where the Trust has agreed early retirements, the additional costs are met by the Trust and not by the NHS Pensions scheme. Ill-health retirement costs are met by the NHS Pensions scheme. In both financial years 2020/21 and 2019/20 the Trust has not agreed or made payment for any exit packages.

Other departures

A single exit package can be made up of several components each of which need to be counted for separately. The Remuneration Report would include disclosures of exit payments payable to individuals.

However, as explained the Trust has had no expenditure on exit packages in both 2020/21 and 2019/20. Hence, there were no non-contractual payments made to individuals where the payment value was more than 12 months of their annual salary.

Expenditure on Consultancy

Expenditure on consultancy totalled £67,000 for 2020/21, compared to £162,000 for 2019/20. The largest expenditure was £29,000 for Corporate Governance support.

Chief Executive
29 June 2021

Accountability Report:

Trust Accounts Consolidation (TAC) Summarisation Schedules for Shropshire Community Health NHS Trust for the year ended 31 March 2021

Summarisation schedules numbers TAC01 to TAC34 and accompanying WGA sheets for 2020/21 have been completed and this certificate accompanies them.

Finance Director Certificate

1. I certify that the attached TAC schedules have been compiled and are in accordance with:
   - the financial records maintained by the NHS trust
   - accounting standards and policies which comply with the Department of Health and Social Care's Group Accounting Manual and
   - the template accounting policies for NHS trusts issued by NHS Improvement, or any deviation from these policies has been fully explained in the Confirmation questions in the TAC schedules.

2. I certify that the TAC schedules are internally consistent and that there are no validation errors.

3. I certify that the information in the TAC schedules is consistent with the financial statements of the NHS Trust.

Signature: ……
Director of Finance
29 June 2021

Chief Executive Certificate

1. I acknowledge the attached TAC schedules, which have been prepared and certified by the Finance Director, as the TAC schedules which the Trust is required to submit to NHS Improvement.

2. I have reviewed the schedules and agree the statements made by the Director of Finance above.

Signature: ……
Patricia Davies,
Chief Executive
29 June 2021

Independent auditor's report to the Directors of Shropshire Community Health NHS Trust

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of Shropshire Community Health NHS Trust (the 'Trust') for the year ended 31 March 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 15 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2021 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. 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 Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

In our evaluation of the Directors' conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group Accounting Manual 2020 to 2021 that the Trust's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Trust. In doing so we had regard to the guidance provided in *Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020)* on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Trust and the Trust's disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Directors with respect to going concern are described in the 'Responsibilities of the Directors and Those Charged with Governance for the financial statements' section of this report.

Other information

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

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

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the guidance issued by NHS Improvement, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 15 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021; and
- based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust, the other information published together with the financial statements in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- we issue a report in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we refer a matter to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or
- we make a written recommendation to the Trust under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit.

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

Responsibilities of the Directors and Those Charged with Governance for the financial statements

As explained in the Statement of directors' responsibilities in respect of the accounts, the Directors are responsible for the preparation of the financial statements in the form and on the basis set out in the

Accounts Directions, for being satisfied that they give a true and fair view, and for such internal control as the Directors determine 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 Directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Trust and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international accounting standards and the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021).
- We enquired of management and the Audit Committee, concerning the Trust's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Trust's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and revenue recognition and expenditure recognition, fraud in expenditure, validity of accruals and validity of capital payables. We determined that the principal risks were in relation to:
  - large and unusual manual journals and those manual journals with a direct impact on the financial performance of the Trust; and

- potential management bias in determining accounting estimates, especially in relation to the calculation of the valuation of the Trust's land and buildings and accruals of income and expenditure at the end of the financial year.

- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a focus on large and unusual items and significant journals as the end of the financial year which impacted on the Trust's financial performance;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings valuations and expenditure accruals, and;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the Trust's breakeven duty as set out in the National Health Service Act 2006, the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and buildings, provisions, accruals, depreciation and financial instruments.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the health sector and economy in which the Trust operates
  - understanding of the legal and regulatory requirements specific to the Trust including:
    - the provisions of the applicable legislation
    - NHS Improvement's rules and related guidance
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Trust's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Trust's control environment, including the policies and procedures implemented by the Trust to ensure compliance with the requirements of the financial reporting framework.

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

Our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Trust's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in our Audit Completion Certificate. We are satisfied

that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2021.

Responsibilities of the Accountable Officer

As explained in the *Statement of the Chief Executive's Responsibilities as the Accountable Officer* of the Trust, the Chief Executive, as Accountable Officer, is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

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

We are required under Section 21(3)(c) and Schedule 13 paragraph 10(a) of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Trust plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Trust ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Trust uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Trust has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Shropshire Community Health NHS Trust for the year ended 31 March 2021 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Use of our report

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

Grant Patterson

Grant Patterson
Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

29 June 2021

Shropshire Community Health
NHS Trust

Annual accounts for the year ended 31 March 2021

Statement of Comprehensive Income

	Note	2020/21 £000	2019/20 £000
Operating income from patient care activities	3	89,512	84,544
Other operating income	4	7,040	3,899
Operating expenses	5, 7	(95,676)	(87,049)
Operating surplus/(deficit) from continuing operations		**876**	**1,394**
Finance income	10	0	104
Finance expenses	11	(6)	0
PDC dividends payable		(367)	(574)
Net finance costs		**(373)**	**(470)**
Other gains / (losses)	12	(27)	0
Surplus / (deficit) for the year from continuing operations		**476**	**924**
Surplus / (deficit) on discontinued operations and the gain / (loss) on disposal of discontinued operations		0	0
Surplus / (deficit) for the year		**476**	**924**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	6	0	(2)
Revaluations	16	604	42
Other reserve movements		(1)	0
Total comprehensive income / (expense) for the period		**1,079**	**964**

Statement of Financial Position

	Note	31 March 2021 £000	31 March 2020 £000
Non-current assets			
Intangible assets	13	51	108
Property, plant and equipment	14	26,707	24,518
Receivables	18	51	49
Other assets		0	0
Total non-current assets		**26,809**	**24,675**
Current assets			
Inventories	17	659	434
Receivables	18	1,923	3,847
Non-current assets for sale and assets in disposal groups	19	189	0
Cash and cash equivalents	20	17,838	14,351
Total current assets		**20,609**	**18,632**
Current liabilities			
Trade and other payables	21	(10,103)	(8,182)
Provisions	22	(352)	(280)
Other liabilities		0	0
Total current liabilities		**(10,455)**	**(8,462)**
Total assets less current liabilities		**36,963**	**34,845**
Non-current liabilities			
Total non-current liabilities		**0**	**0**
Total assets employed		**36,963**	**34,845**
Financed by			
Public dividend capital		1,766	727
Revaluation reserve		7,448	6,876
Income and expenditure reserve		27,749	27,242
Total taxpayers' equity		**36,963**	**34,845**

The notes on pages 7 to 45 form part of these accounts.

Patricia Davies

Chief Executive

29 June 2021

Statement of Changes in Equity for the year ended 31 March 2021

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2020 - brought forward	**727**	**6,876**	**27,242**	**34,845**
Surplus/(deficit) for the year	0	0	476	**476**
Impairments	0	0	0	**0**
Revaluations	0	604	0	**604**
Transfer to retained earnings on disposal of assets	0	(32)	32	**0**
Public dividend capital received	1,039	0	0	**1,039**
Other reserve movements	0	0	(1)	**(1)**
Taxpayers' and others' equity at 31 March 2021	**1,766**	**7,448**	**27,749**	**36,963**

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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**727**	**6,837**	**26,317**	**33,881**
Surplus/(deficit) for the year	0	0	924	**924**
Impairments	0	(2)	0	**(2)**
Revaluations	0	42	0	**42**
Transfer to retained earnings on disposal of assets	0	(1)	1	**0**
Public dividend capital received	0	0	0	**0**
Other reserve movements	0	0	0	**0**
Taxpayers' and others' equity at 31 March 2020	**727**	**6,876**	**27,242**	**34,845**

The Public dividend capital received in 2020/21 relates to a Government award in response to the COVID pandemic to accelerate capital work on Critical Infrastructure Risk. The £1,039k was Shropshire Community Health Trusts share of that award and was spent on high risk capital backlog maintenance.

Information on reserves

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

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

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

Statement of Cash Flows

	Note	2020/21 £000	2019/20 £000
Cash flows from operating activities			
Operating surplus / (deficit)		876	1,394
Non-cash income and expense:			
Depreciation and amortisation	5	1,675	1,652
Net impairments	6	(15)	23
Income recognised in respect of capital donations	4	(265)	(91)
(Increase) / decrease in receivables and other assets		1,991	955
(Increase) / decrease in inventories		(225)	(17)
Increase / (decrease) in payables and other liabilities		2,305	166
Increase / (decrease) in provisions		72	10
Net cash flows from / (used in) operating activities		**6,414**	**4,092**
Cash flows from investing activities			
Interest received		4	101
Purchase of intangible assets		7	(77)
Purchase of PPE		(3,796)	(1,374)
Receipt of cash donations to purchase assets		265	91
Net cash flows from / (used in) investing activities		**(3,520)**	**(1,259)**
Cash flows from financing activities			
Public dividend capital received		1,039	0
PDC dividend (paid) / refunded		(446)	(549)
Net cash flows from / (used in) financing activities		**593**	**(549)**
Increase / (decrease) in cash and cash equivalents		**3,487**	**2,284**
Cash and cash equivalents at 1 April - brought forward		**14,351**	**12,067**
Cash and cash equivalents at 31 March	20	**17,838**	**14,351**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

The Department of Health and Social Care has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2020/21 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

Accounting convention

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

Note 1.2 Going concern

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

Note 1.3 Charitable Funds

Under the provisions of IFRS 10 Consolidated Financial Statements, those charitable funds that fall under common control with NHS Trusts are consolidated within the entity's financial statements. As the Trust is the corporate trustee of the linked NHS Charity (Shropshire Community Health NHS Trust General Charitable Fund), it effectively has the power to exercise control so as to obtain economic benefits. However the balance and transactions are immaterial in the context of the group and transactions have not been consolidated. Details of the transactions with the charity are included in Note 27: related party transactions.

Note 1.4 Revenue from contracts with customers

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

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.

The Trust has a very small number of contracts that cross financial years with the vast majority of income and performance obligations satisfied in year. Performance obligations are invoiced on a monthly basis with 30 day credit terms and hence the contract balances at year end mainly relate to obligations completed in March.

This year end the Trust has no performance obligations. In previous years the Trust has had performance obligations in relation to incomplete spells and the Provider Sustainability Fund (PSF). However, the way the Trust has been funded in 2020/21 means there are no incomplete spells and PSF ended in 2020/21.

Revenue from NHS contracts

The accounting policies for revenue recognition and the application of IFRS 15 are consistently applied. The contracting arrangements in the NHS changed between 2019/20 and 2020/21 affecting the application of the accounting policy under IFRS 15. This difference in application is explained below.

2020/21

The main source of income for the Trust is contracts with commissioners for health care services. In 2020/21, the majority of the trust's income from NHS commissioners was in the form of block contract arrangements. During the first half of the year the trust received block funding from its commissioners. For the second half of the year, block contract arrangements were agreed at an Integrated Care System/Sustainability and Transformation Partnership level. The related performance obligation is the delivery of healthcare and related services during the period, with the trust's entitlement to consideration not varying based on the levels of activity performed.

The Trust has received additional income outside of the block and system envelopes to reimburse specific costs incurred and other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

Comparative period (2019/20)

In the comparative period (2019/20), the trust's contracts with NHS commissioners included those where the trust's entitlement to income varied according to services delivered. A performance obligation relating to delivery of a spell of health care was generally satisfied over time as healthcare was received and consumed simultaneously by the customer as the Trust performed it. The customer in such a contract was the commissioner, but the customer benefited as services were provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligned with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that were substantially the same and had a similar pattern of transfer. At the year end, the Trust accrued income relating to activity delivered in that year, where a patient care spell was incomplete. This accrual was disclosed as a contract receivable as entitlement to payment for work completed was usually only dependent on the passage of time.

In 2019/20, the Provider Sustainability Fund enabled 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.

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.

Note 1.5 Other forms of income

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

Apprenticeship service income

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

Note 1.6 Expenditure on employee benefits

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

Pension costs

NHS Pension Scheme

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

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

Note 1.7 Expenditure on other goods and services

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

Note 1.8 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

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

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

Subsequent expenditure

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

Measurement

Valuation

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

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

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

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

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

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences when the assets are brought into use.
IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use. Where a piece of equipment has a life of more than 10 years and a net book value in excess of £30,000 it is indexed using the inflation figure quoted in the NHS planning guidance for the year.

Depreciation

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

Property, plant and equipment which has been reclassified as 'held for sale' cease to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until the asset is brought into use.

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

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

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

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

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

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

De-recognition
Assets intended for disposal are reclassified as 'held for sale' once the criteria in IFRS 5 are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

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

Donated and grant funded assets

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

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

In 2020/21 this includes assets donated to the trust by the Department of Health and Social Care as part of the response to the coronavirus pandemic. As defined in the GAM, the trust applies the principle of donated asset accounting to assets that the trust controls and is obtaining economic benefits from at the year end.

Useful lives of property, plant and equipment

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

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	15	80
Plant & machinery	5	15
Transport equipment	5	8
Information technology	2	8
Furniture & fittings	5	15

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

Note 1.9 Intangible assets

Recognition

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

Internally generated intangible assets

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

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

Software

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

Measurement

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

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

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

Amortisation

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

Useful lives of intangible assets

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

	Min life Years	Max life Years
Software licences	2	8
Other (purchased) - Trust Website	2	8

Note 1.10 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks

In 2020/21, the Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

Note 1.11 Cash and cash equivalents

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

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

Note 1.12 Financial assets and financial liabilities

Recognition

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

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

Classification and measurement

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

Financial assets are classified as 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.

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, 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).

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

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

Derecognition

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

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

Note 1.13 Leases

All trust leases held are classified as operating leases.

The trust as a lessee

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

Leases of land and buildings

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

The trust as a lessor

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

Note 1.14 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation.

The Trust has not applied the Treasury's discount rates because settlement of the provisions is expected within one year and the impact of discounting is not material.

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 22.2 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

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

Note 1.15 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 23 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 23, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

• possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

• present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.16 Public dividend capital

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

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

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined by the Department of Health and Social Care.

This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts

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

Note 1.17 Value added tax

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

Note 1.18 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.

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

Note 1.19 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2020/21.

Note 1.20 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases

IFRS 16 Leases will replace *IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations and is applicable in the public sector for periods beginning 1 April 2022. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2022, the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be defined by HM Treasury. Currently this rate is 0.91% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. 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 2022 for existing finance leases. The valuation of the Trusts peppercorn leases will be completed in 2021/22 by the District Valuer.

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

The implementation date for IFRS 16 in the NHS was revised to 1 April 2022 in November 2020. Due to the need to reassess lease calculations, the fact the District Valuer has not completed a valuation of the Trusts Peppercorn leases in 2020/21, together with uncertainty on expected leasing activity from 1st April 2022 and beyond, a quantification of the expected impact of applying the standard in 2022/23 is currently impracticable. However, the trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation.

Other standards, amendments and interpretations

IFRS 17 Insurance Contracts (replacing IFRS 4) – is expected to apply to the public sector from 2022, this has not yet been adopted by the FReM: early adoption is not therefore permitted. This is unlikely to have a material impact on the Trust.

Note 1.21 Critical judgements in applying accounting policies

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

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1. Determining that substantially all the significant risks and rewards of ownership of leased assets have transferred to determine whether a lease is a finance lease or an operating lease.
2. Determining that charitable funds are a subsidiary of the Trust, and whether they are material, to determine whether or not to consolidate.
3. Determining that the Electronic Patient Record (EPR) software is integral to the operation of the purchased hardware so is classed as a tangible asset.

Note 1.22 Sources of estimation uncertainty

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

1. Land and Buildings (£23m) are valued periodically by an external valuation specialist who makes assumptions concerning values, and estimates are also made concerning the remaining lives of these assets. If the valuations were 1% different, this would amount to £0.2m. The valuations would have to be different by 7% (£1.6m) to be considered material.

Note 1.23 Auditors Liability

The auditors liability under the other East of England framework subject to clause 13.1, 13.3 and 13.5 of schedule 2 of the standard framework, the total liability of each Party to the other under or in connection with this Framework Agreement whether arising in contract, tort, negligence, breach of statutory duty or otherwise shall be limited in aggregate to five hundred thousand GBP (£2,000,000).

Note 2 Operating segments

The Trust has one operating segment being healthcare services, this is in line with the organisations management reporting structure.

Note 3 Operating income from patient care activities

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

Note 3.1 Income from patient care activities (by nature)	2020/21 £000	2019/20 £000
Community services		
Block contract / system envelope income*	75,495	70,859
Income from other sources (e.g. local authorities)	10,824	10,556
All services		
Private patient income	0	0
Additional pension contribution central funding**	2,637	2,461
Other clinical income	556	668
Total income from activities	**89,512**	**84,544**

*As part of the coronavirus pandemic response, transaction flows were simplified in the NHS and providers and their commissioners moved onto block contract payments at the start of 2020/21. In the second half of the year, a revised financial framework built on these arrangements but with a greater focus on system partnership and providers derived most of their income from these system envelopes. Comparatives in this note are presented to be comparable with the current year activity. This does not reflect the contracting and payment mechanisms in place during the prior year.

**The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. Since 2019/20, NHS providers have continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	2020/21 £000	2019/20 £000
NHS England	9,751	9,381
Clinical commissioning groups	68,937	64,607
Department of Health and Social Care	0	0
Other NHS providers	1,177	854
NHS other	0	0
Local authorities	9,030	8,918
Non-NHS: private patients	0	0
Non-NHS: overseas patients (chargeable to patient)	0	0
Injury cost recovery scheme	72	61
Non NHS: other	545	723
Total income from activities	**89,512**	**84,544**
Of which:		
Related to continuing operations	89,512	84,544
Related to discontinued operations	0	0

Note 4 Other operating income

	2020/21			2019/20		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	81	-	**81**	82	-	**82**
Education and training	778	77	**855**	568	146	**714**
Non-patient care services to other bodies	79		**79**	79		**79**
Provider sustainability fund (2019/20 only)			**0**	844		**844**
Reimbursement and top up funding	2,338		**2,338**			**0**
Income in respect of employee benefits accounted on a gross basis	81		**81**	79		**79**
Receipt of capital grants and donations		265	**265**		91	**91**
Charitable and other contributions to expenditure		1,903	**1,903**		0	**0**
Rental revenue from operating leases		175	**175**		215	**215**
Other income	1,263	0	**1,263**	1,795	0	**1,795**
Total other operating income	**4,620**	**2,420**	**7,040**	**3,447**	**452**	**3,899**
Of which:						
Related to continuing operations			7,040			3,899
Related to discontinued operations			0			0

Other operating income includes :

An additional analysis of significant items of income included in 20/21 Other operating income - £1,263k (19/20 £1,795k) : Property Rentals £358k (19/20 £382k), Catering £23k (19/20 £46k), DHSC IT Grant £66k (19/20 £74k), Local Authority Contributions to Running Costs £75k (19/20 £203k), Estates Recharge to Foundation Trust £112k (19/20 £275k), Occupational Health Income Generation Scheme £374k (19/20 £569k).

Note 5 Operating expenses

	2020/21	2019/20
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	2,953	3,186
Purchase of healthcare from non-NHS and non-DHSC bodies	924	1,385
Purchase of social care	0	0
Staff and executive directors costs	62,158	57,315
Remuneration of non-executive directors	106	82
Supplies and services - clinical (excluding drugs costs)	14,418	11,288
Supplies and services - general	636	617
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	1,055	1,085
Inventories written down	26	0
Consultancy costs	67	162
Establishment	2,289	2,342
Premises	6,088	4,807
Transport (including patient travel)	0	0
Depreciation on property, plant and equipment	1,626	1,622
Amortisation on intangible assets	49	30
Net impairments	(15)	23
Movement in credit loss allowance: contract receivables / contract assets	3	2
Movement in credit loss allowance: all other receivables and investments	0	0
Increase/(decrease) in other provisions	82	20
Change in provisions discount rate(s)	0	0
Audit fees payable to the external auditor		
audit services- statutory audit	62	44
other auditor remuneration (external auditor only)	0	0
Internal audit costs	52	53
Clinical negligence	142	102
Legal fees	30	(55)
Insurance	121	151
Research and development	84	75
Education and training	386	356
Rentals under operating leases	1,550	1,638
Early retirements	0	0
Redundancy	0	0
Car parking & security	51	58
Hospitality	1	11
Losses, ex gratia & special payments	0	3
Grossing up consortium arrangements	0	0
Other services, eg external payroll	253	231
Other	479	416
Total	**95,676**	**87,049**
Of which:		
Related to continuing operations	95,676	87,049
Related to discontinued operations	0	0

An additional analysis of significant items of expenditure included in 20/21 Other £479k (19/20 £416k): Ministry of Justice Bedwatch & Escort Scheme £223k (19/20 £171k), Care Quality Commission Subscription £58k (19/20 £56k), Other Organization Subscriptions £77k (19/20 £0k) , Mayfair Centre Revenue Grant £47k (19/20 £44k)

Note 6 Impairment of assets

	2020/21	2019/20
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	(15)	(23)
Other	0	46
Total net impairments charged to operating surplus / deficit	**(15)**	**23**
Impairments charged to the revaluation reserve	0	2
Total net impairments	**(15)**	**25**

After a desk top revaluation by District Valuer Services for 31 March 2021 and Indexation, £19k of the 2018/19 impairment was reveresed in relation to Land and Buildings (Ludlow Hospital £15k, Newport Cottage Hospital £3k, Wem Clinic £1k and Deercote £1k) and £4k of impairments (£2k for indexation to buildings and a £2k for an IT impairment).

Note 7 Employee benefits

	2020/21 Total £000	2019/20 Total £000
Salaries and wages	46,684	43,170
Social security costs	3,901	3,571
Apprenticeship levy	206	192
Employer's contributions to NHS pensions	8,667	8,091
Pension cost - other	14	10
Termination benefits	0	0
Temporary staff (including agency)	2,686	2,281
Total gross staff costs	**62,158**	**57,315**
Recoveries in respect of seconded staff	0	0
Total staff costs	**62,158**	**57,315**
Of which		
Costs capitalised as part of assets	0	0

Note 7.1 Retirements due to ill-health

During 2020/21 there was 1 early retirement from the trust agreed on the grounds of ill-health (2 in the year ended 31 March 2020). The estimated additional pension liabilities of these ill-health retirements is £57k (£81k in 2019/20).

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

Note 8 Pension costs

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

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 2021, is based on valuation data as 31 March 2020, updated to 31 March 2021 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% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

Note 9 Operating leases

Note 9.1 Shropshire Community Health NHS Trust as a lessor

This note discloses income generated in operating lease agreements where Shropshire Community Health NHS Trust is the lessor.

There are 6 properties that the Trust leases out being Bridgnorth Health Centre with 84 years remaining, Wem Professional Centre 2.4 years remaining, Bridgnorth Maternity Unit 1 year remaining, Hadley Health Centre 0.25 years remaining, Whitchurch Hospital 0.08 years remaining and Whitchurch Maternity Unit having no years remaining.

	2020/21 £000	2019/20 £000
Operating lease revenue		
Minimum lease receipts	175	215
Other	0	0
Total	**175**	**215**

	31 March 2021 £000	31 March 2020 £000
Future minimum lease receipts due:		
- not later than one year;	124	56
- later than one year and not later than five years;	190	197
- later than five years.	3,549	3,594
Total	**3,863**	**3,847**

Note 9.2 Shropshire Community Health NHS Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Shropshire Community Health NHS Trust is the lessee.

The most significant lease payments are to NHS Property Services. A number of premises used by the Trust transferred from local PCTs to NHS Property Services in 2013/14. Under DH guidance, the Trust was not permitted to own/lease these properties, mainly because they are non-clinical. Whilst no leases have yet been agreed with NHS Property Services, invoices have been received by the Trust and payments have been made.

The remaining building leases are for properties leased by the Trust directly, and for lease cars.

	2020/21 £000	2019/20 £000
Operating lease expense		
Minimum lease payments	1,550	1,638
Less sublease payments received	0	0
Total	**1,550**	**1,638**

	31 March 2021 £000	31 March 2020 £000
Future minimum lease payments due:		
- not later than one year;	1,449	1,540
- later than one year and not later than five years;	1,441	1,565
- later than five years.	2,574	2,332
Total	**5,464**	**5,437**
Future minimum sublease payments to be received	0	0

A remaining lease term of 20 years has been indicated by NHS Property Services for Ludlow hospital owned by them and leased by the Trust. There are another 13 properties leased from NHS Property Services and future payments for all of these are for 1 year. One lease with Midlands Partnership NHS Foundation Trust with a remaing lease term of 7 years and one with The Robert Jones & Agnes Hunt Orthopaedic Hospital NHS Foundation Trust with a remaining lease term of 1 year. There are a further 12 properties that were leased during the year from the private sector or local authorities 3 of which the Trust vacated in year. The remaing 9 leases have varying remaining lease terms of between 2.5 to 9.3 years, the longest lease is for Dale Acre Way.

In 2021/22 all of the estate continues to be reviewed with the aim of making the most effective use of the Trusts footprint.

Note 10 Finance income

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

	2020/21	2019/20
	£000	£000
Interest on bank accounts	0	104
Total finance income	**0**	**104**

Note 11 Finance expenditure

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

	2020/21	2019/20
	£000	£000
Other finance costs	6	0
Total finance costs	**6**	**0**

Note 12 Other gains / (losses)

	2020/21	2019/20
	£000	£000
Gains on disposal of assets	1	0
Losses on disposal of assets	(28)	0
Total gains / (losses) on disposal of assets	**(27)**	**0**
Other gains / (losses)	0	0
Total other gains / (losses)	**(27)**	**0**

Note 13.1 Intangible assets - 2020/21

	Software licences £000	Intangible assets under construction £000	Other (purchased) £000	Total £000
Valuation / gross cost at 1 April 2020 - brought forward	**160**	**0**	**17**	**177**
Additions	(7)	0	0	**(7)**
Impairments	0	0	0	**0**
Revaluations	0	0	0	**0**
Reclassifications	0	0	0	**0**
Disposals / derecognition	(1)	0	0	**(1)**
Valuation / gross cost at 31 March 2021	**152**	**0**	**17**	**169**
Amortisation at 1 April 2020 - brought forward	**69**	**0**	**0**	**69**
Provided during the year	46	0	3	**49**
Impairments	0	0	0	**0**
Revaluations	0	0	0	**0**
Reclassifications	0	0	0	**0**
Disposals / derecognition	0	0	0	**0**
Amortisation at 31 March 2021	**115**	**0**	**3**	**118**
Net book value at 31 March 2021	**37**	**0**	**14**	**51**
Net book value at 1 April 2020	**91**	**0**	**17**	**108**

Other (Purchased) - relates to the purchase of the Trust Website and Intranet

The negative £7k in Software Licence addtions relates to a VAT reclaim in relation to IT system licences purchased in 2019/20.

Note 13.2 Intangible assets - 2019/20

	Software licences £000	Intangible assets under construction £000	Other (purchased) £000	Total £000
Valuation / gross cost at 1 April 2019 - as previously stated	**123**	**0**	**0**	**123**
Additions	60	0	17	**77**
Impairments	(23)	0	0	**(23)**
Revaluations	0	0	0	**0**
Reclassifications	0	0	0	**0**
Disposals / derecognition	0	0	0	**0**
Valuation / gross cost at 31 March 2020	**160**	**0**	**17**	**177**
Amortisation at 1 April 2019 - as previously stated	**39**	**0**	**0**	**39**
Provided during the year	30	0	0	**30**
Impairments	0	0	0	**0**
Revaluations	0	0	0	**0**
Reclassifications	0	0	0	**0**
Disposals / derecognition	0	0	0	**0**
Amortisation at 31 March 2020	**69**	**0**	**0**	**69**
Net book value at 31 March 2020	**91**	**0**	**17**	**108**
Net book value at 1 April 2019	**84**	**0**	**0**	**84**

Note 14.1 Property, plant and equipment - 2020/21

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2020 - brought forward	**4,247**	**16,980**	**0**	**697**	**3,555**	**25**	**4,407**	**74**	**29,985**
Additions	0	1,910	0	823	377	0	302	0	**3,412**
Impairments	0	(2)	0	0	0	0	(2)	0	**(4)**
Reversals of impairments	0	19	0	0	0	0	0	0	**19**
Revaluations	0	(144)	0	0	1	0	0	0	**(143)**
Reclassifications	0	685	0	(697)	12	0	0	0	**0**
Transfers to / from assets held for sale	(152)	(37)	0	0	0	0	0	0	**(189)**
Disposals / derecognition	0	(10)	0	0	(365)	(1)	(332)	(17)	**(725)**
Valuation/gross cost at 31 March 2021	**4,095**	**19,401**	**0**	**823**	**3,580**	**24**	**4,375**	**57**	**32,355**
Accumulated depreciation at 1 April 2020 - brought forward	**0**	**80**	**0**	**0**	**2,486**	**25**	**2,806**	**70**	**5,467**
Provided during the year	0	759	0	0	216	0	650	1	**1,626**
Impairments	0	0	0	0	0	0	0	0	**0**
Reversals of impairments	0	0	0	0	0	0	0	0	**0**
Revaluations	0	(747)	0	0	0	0	0	0	**(747)**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Transfers to / from assets held for sale	0	0	0	0	0	0	0	0	**0**
Disposals / derecognition	0	(1)	0	0	(347)	(1)	(332)	(17)	**(698)**
Accumulated depreciation at 31 March 2021	**0**	**91**	**0**	**0**	**2,355**	**24**	**3,124**	**54**	**5,648**
Net book value at 31 March 2021	**4,095**	**19,310**	**0**	**823**	**1,225**	**0**	**1,251**	**3**	**26,707**
Net book value at 1 April 2020	**4,247**	**16,900**	**0**	**697**	**1,069**	**0**	**1,601**	**4**	**24,518**

Note 14.2 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 - as previously stated	**4,207**	**16,724**	**0**	**341**	**3,402**	**34**	**4,888**	**74**	**29,670**
Additions	0	568	0	697	198	0	186	0	**1,649**
Impairments	0	0	0	0	(25)	0	0	0	**(25)**
Reversals of impairments	0	23	0	0	0	0	0	0	**23**
Revaluations	40	(675)	0	0	5	0	0	0	**(630)**
Reclassifications	0	340	0	(341)	1	0	0	0	**0**
Transfers to / from assets held for sale	0	0	0	0	0	0	0	0	**0**
Disposals / derecognition	0	0	0	0	(26)	(9)	(667)	0	**(702)**
Valuation/gross cost at 31 March 2020	**4,247**	**16,980**	**0**	**697**	**3,555**	**25**	**4,407**	**74**	**29,985**
Accumulated depreciation at 1 April 2019 - as previously stated	**0**	**60**	**0**	**0**	**2,293**	**34**	**2,764**	**68**	**5,219**
Provided during the year	0	692	0	0	219	0	709	2	**1,622**
Impairments	0	0	0	0	0	0	0	0	**0**
Reversals of impairments	0	0	0	0	0	0	0	0	**0**
Revaluations	0	(672)	0	0	0	0	0	0	**(672)**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Transfers to / from assets held for sale	0	0	0	0	0	0	0	0	**0**
Disposals / derecognition	0	0	0	0	(26)	(9)	(667)	0	**(702)**
Accumulated depreciation at 31 March 2020	**0**	**80**	**0**	**0**	**2,486**	**25**	**2,806**	**70**	**5,467**
Net book value at 31 March 2020	**4,247**	**16,900**	**0**	**697**	**1,069**	**0**	**1,601**	**4**	**24,518**
Net book value at 1 April 2019	**4,207**	**16,664**	**0**	**341**	**1,109**	**0**	**2,124**	**6**	**24,451**

Note 14.3 Property, plant and equipment financing - 2020/21

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2021									
Owned - purchased	4,095	18,855	0	823	562	0	1,248	3	**25,586**
Finance leased	0	0	0	0	0	0	0	0	**0**
Owned - donated/granted	0	455	0	0	663	0	3	0	**1,121**
NBV total at 31 March 2021	**4,095**	**19,310**	**0**	**823**	**1,225**	**0**	**1,251**	**3**	**26,707**

Note 14.4 Property, plant and equipment financing - 2019/20

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020									
Owned - purchased	4,247	16,427	0	697	564	0	1,593	4	**23,532**
Finance leased	0	0	0	0	0	0	0	0	**0**
Owned - donated/granted	0	473	0	0	505	0	8	0	**986**
NBV total at 31 March 2020	**4,247**	**16,900**	**0**	**697**	**1,069**	**0**	**1,601**	**4**	**24,518**

Note 15 Donations of property, plant and equipment

The Trust received donations of plant and equipment during the year from the League of Friends (LoF) as follows:

	2020/21
	£,000
Whitchurch Hospital X-Ray Machine - LoF	160
Bridgnorth Hospital AER Machine - LoF	105
Total Donated PPE	265

Note 16 Revaluations of property, plant and equipment

The last 5 yearly full land and buildings revaluation was undertaken by the Valuation Office Agency (VOA) with an effective date of 31st March 2019.

A desktop valuation exercise was carried out in year with a valuation date of 31 March 2021. Although, the pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally as at the valuation date some property markets have started to function again. With transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, the valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

Of the £19.5m net book value of land and buildings subject to valuation by the Valuer, £4.1m relates to land and £15.1m 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. £0.3m relates to non specialised assets and these are valued at Existing Use Value (EUV).

Land values include £1,050k for non-operational land at Ludlow.

BCIS indices, provided to the Trust by the Valuation Office Agency were used to reflect changes in value of other assets with the Net Book Value of £2.2m

Land and buildings revaluation amounted no change in the value of land and an increase of £641k for buildings, a decrease for indexation using BCIS indices of £20k. Revaluation values overall increased by 4.3% for buildings and a decrease for BCIS buildings' indexation of -0.9%. An impairment was charged to the I&E in 2018/19 and £19k of this revaluation has partially reversed (see note 6 - Impairment of assets -£19k).

The gross carrying amount of fully depreciated assets still in use was £2.3m.

Indexation of 0.8% was applied to equipment assets with a net book value of £30k and an economic life greater than 10 years, being 2 assets resulting in an increase of £2k.

Note 16.1 Useful economic lives of property, plant and equipment

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

	Min life	Max life
	Years	Years
Buildings, excluding dwellings	15	80
Plant & machinery	5	15
Transport equipment	5	8
Information technology	2	8
Furniture & fittings	5	15

Note 17 Inventories

	31 March 2021 £000	31 March 2020 £000
Drugs	0	0
Work In progress	0	0
Consumables	356	188
Energy	0	0
Other	303	246
Total inventories	**659**	**434**
of which:		
Held at fair value less costs to sell	0	0

Inventories recognised in expenses for the year were £4,462k (2019/20: £3,163k). Write-down of inventories recognised as expenses for the year were £26k (2019/20: £0k).

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2020/21 the Trust received £1,903k of items purchased by DHSC.
These inventories were recognised as additions to inventory at deemed cost with the corresponding benefit recognised in income. The utilisation of these items is included in the expenses disclosed above.

The write down of inventories of £26k relates to the donated personal protective equipment from DHSC. It is the difference between DHSC cost price and current market prices of the personal protective equipment stock on the 31.03.2021.

Note 18.1 Receivables

	31 March 2021 £000	31 March 2020 £000
Current		
Contract receivables	1,212	3,301
Allowance for impaired contract receivables / assets	(22)	(32)
Prepayments (non-PFI)	469	400
Interest receivable	0	10
PDC dividend receivable	79	0
VAT receivable	81	73
Other receivables	104	95
Total current receivables	**1,923**	**3,847**
Non-current		
Allowance for impaired contract receivables / assets	(23)	(16)
Prepayments (non-PFI)	5	0
Other receivables	69	65
Total non-current receivables	**51**	**49**
Of which receivable from NHS and DHSC group bodies:		
Current	841	2,328
Non-current	0	0

Note 18.2 Allowances for credit losses

	2020/21		2019/20	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 April - brought forward	**48**	**0**	**47**	**0**
New allowances arising	4	0	3	0
Changes in existing allowances	0	0	0	0
Reversals of allowances	(1)	0	(1)	0
Utilisation of allowances (write offs)	(6)	0	(1)	0
Foreign exchange and other changes	0	0	0	0
Allowances as at 31 Mar 2021	**45**	**0**	**48**	**0**

Note 18.3 Exposure to credit risk

Credit loss provision - Non NHS contract receivables	**Gross Amount**	**Lifetime Expected Loss Allowance**
	£'000	£'000
Days past invoice date		
0-30 days	75	0
31-60 days	42	0
61-90 days	1	0
Over 90 days	33	9
Total	**151**	**9**

The credit losses in 2020/21 also include an allowance of £36k for unsuccessful compensation claims in relation to the NHS injury cost recovery scheme.

Note 19 Non-current assets held for sale and assets in disposal groups

	2020/21	2019/20
	£000	£000
NBV of non-current assets for sale and assets in disposal groups at 1 April	**0**	**0**
Assets classified as available for sale in the year	189	0
NBV of non-current assets for sale and assets in disposal groups at 31 March	**189**	**0**

The non current asset held for sale relates to Much Wenlock Clinic - Lady Forester. This asset has a net book value of £189k consisting of £152k land and £37k buildings. Services are no longer carried out at this site and management have made the decision to sell the asset. The sale is expected to take place in late 2021.

Note 20 Cash and cash equivalents movements

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

	2020/21	2019/20
	£000	£000
At 1 April	**14,351**	**12,067**
Net change in year	3,487	2,284
At 31 March	**17,838**	**14,351**
Broken down into:		
Cash at commercial banks and in hand	11	13
Cash with the Government Banking Service	17,827	14,338
Other current investments	0	0
Total cash and cash equivalents as in SoFP	**17,838**	**14,351**
Bank overdrafts (GBS and commercial banks)	0	0
Drawdown in committed facility	0	0
Total cash and cash equivalents as in SoCF	**17,838**	**14,351**

Note 21 Trade and other payables

	31 March 2021 £000	31 March 2020 £000
Current		
Trade payables	2,778	2,418
Capital payables	505	889
Accruals	4,130	2,958
Receipts in advance and payments on account	262	108
Social security costs	655	592
VAT payables	0	0
Other taxes payable	409	352
PDC dividend payable	0	0
Other payables	1,364	865
Total current trade and other payables	**10,103**	**8,182**
Of which payables from NHS and DHSC group bodies:		
Current	2,555	2,472
Non-current	0	0

Note 22.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Re-structuring	Equal Pay (including Agenda for Change)	Redundancy	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2020	**0**	**0**	**18**	**0**	**0**	**0**	**262**	**280**
Change in the discount rate	0	0	0	0	0	0	0	**0**
Arising during the year	0	0	86	0	0	0	0	**86**
Utilised during the year	0	0	(9)	0	0	0	(1)	**(10)**
Reversed unused	0	0	(4)	0	0	0	0	**(4)**
Unwinding of discount	0	0	0	0	0	0	0	**0**
At 31 March 2021	**0**	**0**	**91**	**0**	**0**	**0**	**261**	**352**
Expected timing of cash flows:								
- not later than one year;	0	0	91	0	0	0	**261**	**352**
- later than one year and not later than five years;	0	0	0	0	0	0	**0**	**0**
- later than five years.	0	0	0	0	0	0	**0**	**0**
Total	**0**	**0**	**91**	**0**	**0**	**0**	**261**	**352**

The provisions in the "Legal Claims" class relate to expected NHS Resolution Employers/Public Liability Claims and one further Legal Claim

The provision in Other (£261k) relates to an on-going assessment of payroll payments and the potential impact this may have on the Trust. As the assessment is on-going, a provision has been made.

Note 22.2 Clinical negligence liabilities

At 31 March 2021, £257k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Shropshire Community Health NHS Trust (31 March 2020: £226k).

Note 23 Contingent assets and liabilities

	31 March 2021 £000	31 March 2020 £000
Value of contingent liabilities		
NHS Resolution legal claims	(10)	(4)
Employment tribunal and other employee related litigation	0	0
Redundancy	0	0
Other	0	0
Gross value of contingent liabilities	**(10)**	**(4)**
Amounts recoverable against liabilities	0	0
Net value of contingent liabilities	**(10)**	**(4)**
Net value of contingent assets	**0**	**0**

Note 24 Contractual capital commitments

	31 March 2021 £000	31 March 2020 £000
Property, plant and equipment	194	379
Intangible assets	0	0
Total	**194**	**379**

Note 25 Financial instruments

Note 25.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with commissioners and the way those commissioners are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. Trust treasury activity is subject to review by the Trust's internal auditors.
Since the financial instruments are all short term in nature, the Trust considers that the carrying amounts disclosed are a reasonable approximation of fair value and no further estimate of fair value is reported.

Currency risk

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

Interest rate risk

Currently the Trust has no loans. However, it could borrow from the government for capital expenditure, subject to affordability as confirmed by NHS England and NHS Improvement. The borrowings would be for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has a very low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2021 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

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

Note 25.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2021	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	1,339	0	0	**1,339**
Cash and cash equivalents	17,838	0	0	**17,838**
Total at 31 March 2021	**19,177**	**0**	**0**	**19,177**

Carrying values of financial assets as at 31 March 2020	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	3,412	0	0	**3,412**
Cash and cash equivalents	14,351	0	0	**14,351**
Total at 31 March 2020	**17,763**	**0**	**0**	**17,763**

Note 25.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2021	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Trade and other payables excluding non financial liabilities	7,961	0	**7,961**
Provisions under contract	352	0	**352**
Total at 31 March 2021	**8,313**	**0**	**8,313**

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Trade and other payables excluding non financial liabilities	6,356	0	**6,356**
Provisions under contract	280	0	**280**
Total at 31 March 2020	**6,636**	**0**	**6,636**

Note 25.4 Maturity of financial liabilities

The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs to the amounts recognised in the statement of financial position which are discounted to present value.

	31 March 2021	31 March 2020 restated*
	£000	£000
In one year or less	8,313	6,636
In more than one year but not more than five years	0	0
In more than five years	0	0
Total	**8,313**	**6,636**

* This disclosure has previously been prepared using discounted cash flows. The comparatives have therefore been restated on an undiscounted basis.

Note 26 Losses and special payments

	2020/21		2019/20	
	Total number of cases	**Total value of cases**	**Total number of cases**	**Total value of cases**
	Number	**£000**	**Number**	**£000**
Losses				
Fruitless payments and constructive losses	0	0	1	0
Bad debts and claims abandoned	1	6	133	1
Stores losses and damage to property	1	0	1	1
Total losses	**2**	**6**	**135**	**2**
Special payments				
Ex-gratia payments	4	0	4	1
Total special payments	**4**	**0**	**4**	**1**
Total losses and special payments	**6**	**6**	**139**	**3**
Compensation payments received		0		0

Note 27 Related parties

During the year none of the Department of Health and Social Care Ministers, Trust board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with the Trust.

The Department of Health and Social Care is regarded as a related party. During the year the Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are:

Health Education England
NHS England and Improvement
NHS Pension Scheme
NHS Property Services
Shrewsbury & Telford Hospitals NHS Trust
Shropshire CCG
Telford & Wrekin CCG

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with Shropshire Council and Telford & Wrekin Council.

The Trust has also received revenue and capital payments from charitable funds, the trustees for which are also members of the Trust board by way of corporate trustee. The charitable funds are not consolidated into the Trust accounts as there is a separate annual accounts and annual report for the charity.

Note 28 Better Payment Practice code

	2020/21 Number	2020/21 £000	2019/20 Number	2019/20 £000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	**20,882**	**25,055**	20,904	21,133
Total non-NHS trade invoices paid within target	**20,654**	**24,825**	20,660	21,010
Percentage of non-NHS trade invoices paid within target	**98.9%**	**99.1%**	98.8%	99.4%
NHS Payables				
Total NHS trade invoices paid in the year	**861**	**13,348**	1,722	15,907
Total NHS trade invoices paid within target	**846**	**13,229**	1,677	15,447
Percentage of NHS trade invoices paid within target	**98.3%**	**99.1%**	97.4%	97.1%

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

Note 29 External financing limit

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

	2020/21 £000	2019/20 £000
Cash flow financing	(2,448)	(2,284)
Finance leases taken out in year	0	0
Other capital receipts	0	0
External financing requirement	**(2,448)**	**(2,284)**
External financing limit (EFL)	599	(380)
Under / (over) spend against EFL	**3,047**	**1,904**

Note 30 Capital Resource Limit

	2020/21 £000	2019/20 £000
Gross capital expenditure	3,405	1,726
Less: Disposals	(28)	0
Less: Donated and granted capital additions	(265)	(91)
Plus: Loss on disposal from capital grants in kind	0	0
Charge against Capital Resource Limit	**3,112**	**1,635**
Capital Resource Limit	3,112	1,900
Under / (over) spend against CRL	**0**	**265**

Note 31 Breakeven duty financial performance

	2020/21 £000
Adjusted financial performance surplus / (deficit) (control total basis)	244
Breakeven duty financial performance surplus / (deficit)	**244**

Adjusted financial performance (control total basis):	2020/21 £000	2019/20 £000
Surplus / (deficit) for the period	476	924
Remove net impairments not scoring to the Departmental expenditure limit	(15)	23
Remove I&E impact of capital grants and donations	(138)	24
Remove net impact of inventories received from DHSC group bodies for COVID response	(79)	0
Adjusted financial performance surplus / (deficit)	**244**	**971**

Note 32 Breakeven duty rolling assessment

	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Breakeven duty in-year financial performance	0	0	1,397	1,496	234	352
Breakeven duty cumulative position	0	0	1,397	2,893	3,127	3,479
Operating income	0	0	80,802	79,679	76,105	75,286
Cumulative breakeven position as a percentage of operating income	0.0%	0.0%	1.7%	3.6%	4.1%	4.6%

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Breakeven duty in-year financial performance	1,355	2,596	2,758	2,492	971	244
Breakeven duty cumulative position	4,834	7,430	10,188	12,680	13,651	13,895
Operating income	78,940	79,377	77,861	80,942	88,443	96,552
Cumulative breakeven position as a percentage of operating income	6.1%	9.4%	13.1%	15.7%	15.4%	14.4%

Adjustments are made in respect of accounting policy changes (impairments and the removal of the donated assets) to maintain comparability year to year.

Larger surpluses in 2015/16 due to an agreed capital to revenue transfer, also in 2016/17, 2017/18 due to STF funding and PSF Funding for 2018/19 and 2019/20.

Note 32.1 Capital cost absorption rate

The dividend payable on public dividend capital is based on the actual (rather than forecast) average relevant net assets based on the pre audited accounts and therefore the actual capital cost absorption rate is automatically 3.5%